



CITY COUNCIL AGENDA ITEM

April 1, 2011

To: John Szerlag, City Manager

From: John M. Lamerato, Assistant City Manager/Finance and Administration
Mark F. Miller, Director of Economic and Community Development
Susan A. Leirstein, Purchasing Director
Stuart J. Alderman, Recreation Director

Subject: Lease Agreement Extension – Gallatin, Inc d/b/a Camp Ticonderoga Restaurant at
Sylvan Glen Golf Course

Background

Since December 1995, restaurant operations at 5725 Rochester Road, Troy, Michigan; adjacent to Sylvan Glen Golf Course, has been provided by Gallatin, Inc d/b/a Camp Ticonderoga of Metamora, Michigan. The current lease agreement expires April 15, 2011. Under the lease dated December 18, 1995, there is one more remaining option to renew the existing lease for an additional five-year term. However, the third renewal requires negotiation of the lease amounts. Gallatin has expressed interest to negotiate new terms, which requires an extension of time in order to complete this process.

Recommendation

City management recommends extending the current Lease Agreement for a 120-day period with Gallatin, Inc d/b/a Camp Ticonderoga to continue the operation of a restaurant business and Class "C" liquor establishment at Sylvan Glen Golf Course while negotiations continue for a new Lease Agreement.

Financial Considerations

Gallatin, Inc d/b/a Camp Ticonderoga currently pays the City \$7,310.00 per month for use of the premises.

Approved As To Form and Legality:

Lori Grigg Bluhm, City Attorney

Date

EXTENSION OF LEASE AGREEMENT

THIS AGREEMENT EXTENSION is entered into between the CITY OF TROY, 500 W. Big Beaver Road, Troy, Michigan 48084, hereinafter referred to as the LESSOR, and Gallatin, Inc, d/b/a CAMP TICONDEROGA, 2405 Rock Valley Road, Metamora, Michigan 48445, hereinafter referred to as LESSEE.

The LESSOR and LESSEE hereby agree to extend the Lease Agreement for an additional 120-day period – which the LESSOR, among other provisions, leases to the LESSEE certain premises to be used and occupied for the purposes stated in the Lease and all Addenda, located at 5725 Rochester Road, Troy, Oakland County, Michigan and adjacent to Sylvan Glen Golf Course.

WITNESSETH:

The Lease Agreement dated December 18, 1995, and with all Addenda entered into between the LESSOR and LESSEE describe the terms and conditions of the Lease Agreement and are incorporated as though fully set out herein.

Both parties hereby mutually agree to extend the entire Lease Agreement as described for a 120-day period through August 15, 2011, to allow for the negotiation of a new lease. In the event no Lease Agreement is reached during this time period, the LESSOR reserves the right to terminate the Lease Agreement with a 60-day written notice of termination.

IN WITNESS WHEREOF, the LESSOR and LESSEE have executed this Agreement on this 1st day of April 2011.

WITNESSES:

Victoria D. ...
John ...

CITY OF TROY (LESSOR)

John Szerlag, City Manager

RESOLUTION NUMBER: _____

APPROVED AS TO FORM AND LEGALITY:

BY: _____

Lori Grigg Bluhm, City Attorney

**GALLATIN, INC d/b/a Camp Ticonderoga:
(LESSEE)**

Linda Egeland
Linda Egeland, President

BY: _____
Mayor Louise E. Schilling

ATTEST: _____
Tonni Bartholomew, City Clerk

THIRD ADDENDUM TO LEASE AGREEMENT

THIS AGREEMENT entered into on April 7th, 2008, between the CITY OF TROY, a Michigan Municipal Corporation, whose address is 500 W. Big Beaver Road, Troy Michigan, 48084, hereinafter referred to as the "City," and Gallatin, Inc. d/b/a Camp Ticonderoga, 2405 Rock Valley Road, Metamora, Michigan 48445 hereinafter referred to as the "Operator";

RECITALS

- A. On December 18, 1995, the City and Operator entered into a lease in which the City leased to the Operator certain premises to be used and occupied for the purposes stated in the lease, located at 5725 Rochester Road, Troy, Oakland County, Michigan, and adjacent to Sylvan Glen Golf Course.
- B. On May 1, 2000 the City and Operator agreed to *A Second Addendum to the Lease*. This addendum provided in paragraph (3) three "As a result of City Council's resolution on March 29, 1999, Lessee shall be permitted to sell to golfers a maximum of two (2) beers per golfer from the clubhouse on Lessor's premises for consumption on the Golf Course provided Lessee secures the necessary licenses from the Michigan Liquor Control Commission ("MLCC")" *Beverage Cart*
- C. On March 17, 2008 the Troy City Council passed an amendment to Chapter 30, Golf Courses, of the City Code of Ordinances that now authorizes the City's sub-contractor permission to sell alcoholic beverages on the City's golf courses.
- D. Operator desires to serve alcoholic beverages on the Sylvan Glen Golf Course proper through use of a beverage cart.

NOW, THEREFORE, the City and Operator agree to the following terms and conditions as an addendum to the Agreement Food Service at Sylvan Glen Golf Course:

1. Definitions. The following terms in this Addendum to the Agreement are defined as follows:
 - A. "Alcoholic beverages" shall mean beer, wine, and other alcoholic beverages that contain less than 21% of alcohol by volume.
 - B. "Golf Course" shall mean Sylvan Glen Golf Course.
2. Sale of Alcoholic Beverages
 - A. Paragraph (3) three of the *Second Addendum to the Lease* is hereby deleted.

- B. Operator shall be permitted to sell alcoholic beverages on the Golf Course proper through use of one (1) beverage cart, which shall be purchased or leased by the Operator.

3. Rent

The Operator's monthly rent shall be upwardly adjusted \$125 for the remainder of the lease, in consideration of the Operator's increased opportunity for revenue. All other previous lease terms remain in effect.

4. Other

- A. The Operator is ultimately responsible for compliance with all federal, state and local laws related to the sale, distribution, use, or possession of alcohol, and the administrative rules, procedures, and guidelines as provided by the Michigan Liquor Control Commission including, but not limited to, obtaining or maintaining the necessary license(s) or permit(s), which allow for the operation of the beverage cart on the golf course.
- B. Any employee operating the beverage cart must be trained to operate it in a safe manner. The operator or restaurant manager will train all operators of the beverage cart. The operator shall keep records of all training, and shall make such records available for review by the City upon request.
- C. The Operator has the responsibility of determining the routing and hours of operation for the beverage cart. However, the City may adjust the routing or hours of operation in the event of severe weather or other environmental conditions, after consultation with the Operator.
- D. Storage of the beverage cart is the sole responsibility of the Operator. If the Operator chooses, the Operator may store the beverage cart with the golf carts during the golf season. Off season, the Operator is responsible for beverage cart storage. Storage of the beverage cart inventory is also the sole responsibility of the Operator. The City has no liability or responsibility for damages to the beverage cart during storage.
- E. Operator shall offer sandwiches, snacks, water and other nonalcoholic beverages, in addition to alcoholic beverages, for sale on the beverage cart.
- F. It is understood that the purchase of the beverage cart is an investment with unknown return. Therefore, should the City cancel or otherwise terminate the ability of the operator to sell alcoholic beverages on the course without just cause and before the end of the golf season in the year 2010, the City will purchase and take possession of the beverage cart. This does not include the food and beverage inventory, which is the sole responsibility of the Operator. The cost for the beverage cart will be the Operator's documented cost of acquisition, minus depreciation, based

STATE OF MICHIGAN)

)ss

COUNTY OF OAKLAND

The foregoing instrument was acknowledged before me on April 7th, 2008 by Tonni L. Bartholomew, the City Clerk of the City of Troy, a Michigan municipal corporation, on behalf of the corporation.

Laura Campbell
Notary Public, Oakland County, Michigan

My commission expires: 09/25/2011

LAURA CAMPBELL
Notary Public, Oakland County, MI
My Commission Expires 9/25/2011
Acting in Oakland County

Gallatin, Inc. d/b/a Camp Ticonderoga

By: Linda Egeland
Its: President

STATE OF MICHIGAN)

)ss

COUNTY OF OAKLAND)

The foregoing instrument was acknowledged before me on April 7th, 2008 by Linda Egeland,
the President of Gallatin, Inc. d/b/a Camp Ticonderoga

Barbara A. Pallotta
Notary Public, Oakland County, Michigan

My commission expires:

BARBARA A. PALLOTTA
Notary Public, Oakland County, MI
Acting in the County of Oakland
My Commission Expires 12/16/2010

2000-219
5/1/00

SECOND ADDENDUM TO THE LEASE

This Agreement is made on May 1, 2000 between the City of Troy ("Lessor") and Gallatin, Inc., d/b/a Camp Ticonderoga ("Lessee").

Lessor and Lessee have entered into a Lease dated December 18, 1995, in which the Lessor, among other provisions, leased to the Lessee certain premises to be used and occupied for the purposes stated in the Lease, located at 5725 Rochester Road, Troy, Oakland County, Michigan, and adjacent to Sylvan Glen Golf Course ("Golf Course").

The City Council of Lessor passed an ordinance on March 29, 1999 to amend Chapter 30, of the Code of Lessor to permit golfers at the Golf Course to purchase two (2) beers per golfer at the clubhouse for consumption on the Golf Course but not permit the sale of alcoholic beverages on the Golf Course.

*M. L. Lessor
Camp Ticonderoga
(2 Beers)*

As a result of City Council's resolution on March 29, 1999, Lessee shall be permitted to sell to golfers a maximum of two (2) beers per golfer from the clubhouse on Lessor's premises for consumption on the Golf Course provided Lessee secures the necessary licenses from the Michigan Liquor Control Commission ("MLCC").

Lessor grants to Lessee limited use of the Golf Course during the period of the Lease for the purpose of controlling and monitoring beer consumption. Lessee shall have control and responsibility pursuant to this Lease for the sole purpose of enforcing MLCC regulations, and is responsible for the conduct of the employees of the Lessor only as it relates to the Liquor Control Code and Administrative Rules. The Lessee shall indemnify and hold harmless the Lessor from all claims

F-9

arising out of the sale of alcoholic beverages for consumption on the Golf Course. Lessor shall provide Lessee with a motorized golf cart at no charge for operation by Lessee's employees on the Golf Course in order to effect the monitoring of beer consumption. Lessee agrees to coordinate its operation of the golf cart with Lessor's Director of Golf Operations, and understands and agrees that Lessor may provide back up security for the monitoring of alcohol consumption on the Golf Course. Lessee recognizes and agrees that operation and control of normal Golf Course activities lies exclusively with Lessor, except for insuring compliance with the Liquor Control Code and Administrative Rules which is the responsibility of the Lessee.

CITY OF TROY

By: *Jeanne M. Stine*
Jeanne M. Stine, Mayor

By: *Tamara A. Renshaw*
Tamara A. Renshaw, City Clerk

WITNESSES:

Tomi L. Bartholomew
Tomi L. Bartholomew

Cecilia A. Brukwinski
Cecilia A. Brukwinski

Lori Grigg Blum
Lori Grigg Blum

GALATIN, INC.

By: *Linda Egeland*
LINDA EGELAND

By: *President*

70 11
5-6-96

ADDENDUM TO THE LEASE

This Agreement is made on May 7, 1996, between the City of Troy ("Lessor") and Gallatin, Inc., d/b/a Camp Ticonderoga ("Lessee");

Lessor and Lessee have entered into an agreement under date of December 18, 1995, in which the Lessor, among other provisions, granted to the Lessee certain premises to be occupied and used for the purpose there stated, located at 5725 Rochester Road, Troy, Oakland County, Michigan;

The City Council of Lessor on May 6, 1996, granted a variance for the replacement of an existing 96 square foot sign located 12 feet from the existing Rochester Road right-of-way with another 96 square foot sign subject to an addendum to the lease being executed with requires Lessee to assume the cost of removing the sign at a future date when deemed necessary by Lessor.

Therefore, as a result of the variance granted by Troy City Council on May 6, 1996, Lessee shall be permitted to replace its existing ground sign at 5725 Rochester Road with one new ground sign of a maximum size of 96 square feet located 12 feet from the existing Rochester Road right-of-way and 1'-2" into the planned Rochester Road right-of-way.



The variance shall continue for duration of the lease, or 15 years or until Troy needs additional Rochester Road right-of-way which requires removal and relocation of the sign, whichever occurs first.

The Lessee shall be responsible for removing and relocating the sign at Lessee's expense upon expiration of the variance as set forth in the previous paragraph. In the event the Lessee does not move the sign after receiving 120 days notice in writing,

Lessor, without further judicial process, may enter upon the land and remove or cause the sign to be removed at Lessee's expense.

This Agreement binds the Lessee, its partners, successors, assigns and legal representatives.

This Agreement shall be recorded with the Oakland County Register of Deeds regarding the address 5725 Rochester Road, Troy, Michigan (sidwell #20-10-200-001).

Dated this 7th day of May, 1996.

Witnesses:

Armen A. Samuilow
Armen A. Samuilow

Victoria C. Lucia
Victoria C. Lucia

STATE OF MICHIGAN
COUNTY OF OAKLAND

Subscribed and sworn to before me
this 8th day of May, 1996.

Debra Olivich
DEBRA OLIVICH
Notary Public, Oakland
County, MI
My commission expires: 5-1-97

GALLATIN, INC.

By:

Steve Hazergian
Steve Hazergian
Owner/Operator

CITY OF TROY, a Michigan
municipal corporation,

By:

Jeanne M. Stine
Jeanne M. Stine, Mayor

By:

Tamara C. Renshaw
Tamara Renshaw, City Clerk

Witnesses:

Ester Corbin

Ester Corbin

MaryAnn Hays

MaryAnn Hays

STATE OF MICHIGAN
COUNTY OF OAKLAND

Subscribed and sworn to before me
this 16th day of May, 1996.

Cecilia A. Brukwinski

Cecilia A. Brukwinski

Notary Public, Oakland
County, MI

My commission expires: June 18, 1998

Resolutions Regarding Lease of Restaurant at Sylvan Glen by Gallatin, Inc. (Moose Preserve):

(a) Recommendation of Liquor Advisory Committee Meeting of December 11, 1995: Gallatin, Inc. Request to Transfer Ownership of 1995 Class C Licensed Business with Dance Permit, Located at 5725 Rochester, from Big Muskey Enterprizes, Inc.; (b) Approval of Lease Agreement C-11

(a) Recommendation of Liquor Advisory Committee Meeting of December 11, 1995: Gallatin, Inc. , Request to Transfer ownership of 1995 Class C Licensed Business with Dance Permit, Located at 5725 Rochester, from Big Muskey Enterprizes, Inc.

(i) Agreement Regarding Liquor License Request

Resolution #95-1117

Moved by Husk

Seconded by Pryor

WHEREAS, the City Council of the City of Troy deems it necessary to enter agreements with applicants for Class C liquor licenses for the purpose of providing civil remedies to the City of Troy in the event licensees fail to adhere to Troy Codes and ordinances;

NOW, THEREFORE, BE IT RESOLVED, that the city council of the City of Troy hereby authorizes the Mayor and City Clerk to sign such agreement with Gallatin, Inc., to be located at 5725 Rochester, which shall become effective upon approval of the transfer of ownership of a Class C License, a copy of which agreement shall be attached to the original minutes of this meeting.

Yeas: All-6

Absent: Stine

(ii) Recommendation to the Michigan Liquor Control Commission

Resolution #95-1118

Moved by Husk

Seconded by Pryor

RESOLVED, that the request from Gallatin, Inc. to transfer ownership of a 1995 Class C licensed business with Dance Permit, located at 5725 Rochester, Troy, Michigan 48084, Oakland County, from Big Muskey Enterprizes, Inc., be considered for approval.

It is the consensus of this legislative body that the application be recommended for issuance.

Yeas: All-6

Absent: Stine

(b) Approval of Lease Agreement

Resolution #95-1119

Moved by Husk

Seconded by Pryor

RESOLVED, that the Lease Agreement between the City of Troy, as Lessor, and Gallatin, Inc., as Lessee, for the operation of a restaurant and Class C liquor establishment by Gallatin, Inc. on City-owned property located at 5725 Rochester Road is hereby approved, and the Mayor and City Clerk are authorized to execute the documents, a copy of which shall be attached to the original minutes of this meeting.

Yeas -. All-6
Absent: Stine

93 - 1117
12-18-95

W.S. - all
terms to remain
3 (5) year terms
4

2nd Amendment 5/1/00
2000 - 219
96471 Address
5-6-96 Sign Variance

LEASE AGREEMENT

1. PARTIES

1.1 City of Troy, a Michigan municipal corporation, 500 W. Big Beaver Road, Troy, Michigan 48084 (Lessor).

1.2 Gallatin, Inc. (Lessee), 3405 Rock Valley Road, Metamora, Michigan 48455.

1.3 Lessor is the owner of certain property, 5725 Rochester Road, Troy, Oakland County, Michigan, upon which is situated certain structures used for the operation of a restaurant business and Class "C" liquor establishment.

1.4 Lessee shall be the operator of this restaurant and Class "C" liquor establishment.

2. SUBJECT

2.1 Lessor agrees to rent to Lessee the premise previously known as the Shark Creek Inn, located at 5725 Rochester Road, Troy, Michigan, together with all easements, rights and appurtenances.

2.2 The premise lies adjacent to the Sylvan Glen Golf Course, owned by the Lessor. It is recognized and agreed by Lessor and Lessee that this lease is exclusive of the Sylvan Glen Golf Course, Sylvan Glen Pro Shop and Sylvan Glen Locker Room.

2.3 Lessor agrees to prohibit food or beverage service by any party other than Lessee, except such service which is provided by Lessor itself on the Golf Course, in buildings thereon, or in the Pro Shop.

3. TERM

3.1 Lessee shall have and hold the premise described above for the term to commence on April 15, 1996, at 12:01 a.m. and to end on April 15, 2001, 11:59 p.m., unless terminated sooner, and may be renewed for up to three (3) additional five (5) year terms pursuant to Section 29.8.

2006 (5yr)
2011 (5yr)

4. RENT

4.1 Lessee agrees to pay Lessor rent in the sum of \$60,000 per year for the first through the fifth year of the Lease. Payment shall be made to the City of Troy Treasurer, 500 W. Big Beaver Road, Troy, Michigan, 48084. Rent shall be waived for ninety (90) days from the effective date of this Lease, and for the months of January, February and March 1997, 1998 and 1999. Such waiver of rents shall be prorated on a per day basis. Rent shall be made in twelve (12) equal payments, the first payment shall be due on the effective date of this agreement, and thereafter on the first day of each month during the term of this Lease, except as herein waived.

4.1 The monthly rent, i.e. \$5,000, shall be upwardly adjusted to \$6,500 upon the first five (5) year renewal of this Lease, or by a percentage equal to the increase in the Consumer Price Index (C.P.I. U. Det) for the preceding sixty (60) months or, if that index is no longer published, then a mutually agreeable comparable index, whichever is greater. Upon the second five (5) year renewal, the monthly rent shall increase to \$7,000, or by a percentage equal to the increase in the Consumer Price Index (C.P.I. U. Det) for the preceding sixty (60) months

84,000

or, if that index is no longer published, then a mutually agreeable comparable index, whichever is greater. Prior to the third five (5) year renewal, the parties shall agree to monthly rent for the balance of the Lease. If no such index is available, it is the intent of the parties that the annual rent shall reflect any inflation which has taken place during the preceding period.

4.3 Beginning January 1, 2000, the Lessee shall be granted a pre-payment incentive of the waiver of one month's rent, for any year in which the rent is pre-paid for that year (January 1-December 31). Such pre-payment shall be non-refundable.

5. FINANCIAL GUARANTEES

5.1 At least ten (10) days prior to the letting of a contract for construction of any Improvement, Lessee shall be required to submit any such contract to Lessor for its prior approval and shall post with Lessor cash, an irrevocable bank letter of credit or other instrument acceptable to Lessor in a form approved by Lessor and in an amount not to exceed the actual direct costs of construction of Lessee's Improvements under said contract, to assure the faithful performance of the Lessee's obligations to complete the construction of the Lessee's Improvements hereunder. Lessee and Lessor shall also execute those "private agreements" (as customarily known and utilized by private parties in dealings with the City of Troy) which relate to this Lease and Lessee's construction obligations hereunder. This requirement shall not apply to personal property and fixtures that the Lessee may purchase.

6. ANNUAL REPORT

6.1 Lessee's fiscal year shall be January 1 to December 31, and on or before the thirty-first (31st) day of March each year Lessee shall prepare and deliver to Lessor, an annual audited financial report prepared in the regular course of business, which accurately reflects the economic status of the subject business. Annual reports shall be delivered to the Troy City Clerk, 500 W. Big Beaver Road, Troy, Michigan 48084.

6.2 Within thirty (30) days of the receipt of the annual report, Lessor shall serve upon Lessee a notice of dissatisfaction of the accuracy or validity of the report, if any, expressing its reasons. If, within ten (10) days of service of its notice of dissatisfaction, Lessee fails to satisfy Lessor, Lessor reserves the right to declare a breach of contract.

6.3 Additional information as the Lessor may require.

7. DUTY TO MAINTAIN HIGH QUALITY OF RESTAURANT

7.1 It is the intent of the parties that the subject business be operated as a quality establishment. Lessee agrees to perform this Lease and all other related activities in such a manner as to maintain or improve the restaurant's reputation.

7.2 Lessee shall maintain upon the premise a substantial stock of goods, wares, merchandise and equipment so as to provide for the proper preparation and serving of food products therein, and such personnel as are necessary and expected of a high quality food service establishment.

7.3 Lessee shall continuously use the subject premise solely for the purpose of operating a restaurant business, outside catering, and other transactions directly related to or contributing to a restaurant business.

8. DAYS AND HOURS OF RESTAURANT'S OPERATION

8.1 Lessee shall keep the premise open and available for business activity during all reasonable days and hours for business except when prevented by strikes, fire, casualty, or other cause beyond the Lessee's reasonable control, and except during reasonable periods for repairing, cleaning and decorating the premise with prior approval of Lessor. Lessee shall not divert elsewhere any trade, commerce or business which ordinarily would be transacted by Lessee in or from the leased premise.

8.2 Except as otherwise provided in the foregoing paragraph, Lessee shall keep "Grill Room" portions of the premise open for food and beverage services, with breakfast, full lunch and dinner menus, April through October inclusive, from 7 a.m. to dusk Monday through Friday, and from 6 a.m. to dusk Saturday, Sunday and Holidays, when the adjacent golf course is open.

8.3 Under no circumstances shall the grill room be used for any purpose other than service to the golfers during the golf season except on Mother's Day and scheduled group use on Saturday evenings after 7 p.m. At all other times, full service shall be maintained on the west deck for the golfers.

8.4 If Lessor determines that Lessee has failed to keep the premise open and available for business in compliance with the three (3) preceding paragraphs, or in compliance with posted or publicized hours of operation, the Lessor will immediately notify the Lessee in writing of the nature of the claimed failure. The Lessor and Lessee will meet immediately but no later than forty-eight (48) hours of such notice. If the Lessor continues in it's determination that there has been such a failure, Lessee may appeal to the City Manager. After final determination by the City Manager of failure, any subsequent failure on Lessee's part shall result in a five hundred dollar \$500 damage payment for each subsequent occurrence after the first in any six (6) month period.

9. USES EXCLUSIVE OF RESTAURANT OPERATION PROHIBITED

9.1 Lessee shall not exhibit, sell, offer for sale, use, rent or exchange, on the premise or in the building, any article, thing or service except those ordinarily related to the stated use of the premise, without the written consent of the Lessor. Lessee shall not use the premise or any part thereof for lodging or sleeping purposes unless Lessor gives prior written approval. Any breach of this paragraph shall give Lessor cause to terminate this Lease.

10. ROOFTOP DINING

10.1 Rooftop dining will be allowed subject to all city codes, regulations, the terms of the Lease of the premise and the following additional conditions:

- (1) Access to the rooftop will only be from the inside of the restaurant.
- (2) All seating will be made by the host or hostess.
- (3) Occupancy limited only to seated guests and customers. Occupancy to be determined by City of Troy Building and Fire Departments.
- (4) No service bars will be permitted on the rooftop.
- (5) No entertainment or speakers will be permitted on the rooftop.

10.2 It is understood that the City may require termination of rooftop service at any time upon a finding that a nuisance exists subject to the following procedure:

The Director of Parks and Recreation will meet with the Lessee and discuss the nuisance and how it will be abated. If the nuisance continues unabated, the Director will recommend to the City Manager the termination of rooftop service. The City Manager's decision will be final and the Lessee agrees to terminate service if so directed by the City Manager.

11. CONDITION OF THE PREMISE

11.1 Lessee has examined the premise before signing this Lease and is completely familiar with the conditions thereof. Lessee's possession on the effective date of this Lease shall be conclusive evidence that the premise was in satisfactory condition when this Lease took effect.

11.2 Lessor has made no promises to alter, remodel, improve, repair, decorate or clean the premise, except as to parking lot improvement in conformance with paragraph 11.3, and has made no representation regarding the condition of the premise or the building. At the termination of this Lease, Lessee shall return the premise in as good a condition as when Lessee took possession, ordinary wear and tear excepted. If Lessee fails to return the premises as described above, Lessor may restore the premises to such condition and Lessee shall forthwith pay any cost of such repairs or replacements.

11.3 The Lessor agrees to provide expansion of the parking lot in accordance with the attached site plan if one of the following conditions occur and such conditions are witnessed jointly by representatives of the Lessee and the Lessor:

- (1) During the months of February and March the existing parking lot is two thirds (2/3) full on six (6) or more dates,
- (2) During the golf season the parking lot is filled and parking valets have no place to park cars on six (6) or more occasions.

The Lessor further agrees that plans and specifications for such parking lot improvements will be complete and ready to bid if either of the above conditions are met. Further, the Lessor agrees to add this project to an existing contract, if possible, to expedite completion. In the event the Lessor fails to begin the parking lot improvements within forty-five (45) days of the notification that the conditions in (1) or (2) above are met (or forty-five [45] days of the opening of asphalt plants if during non-construction seasons), rent will be abated until the improvements are opened for use.

12. MAINTENANCE, REPAIRS AND STRUCTURAL ALTERATIONS

12.1 Except as otherwise stated in this Lease, Lessee shall, during the term, at Lessee's own expense, maintain the premise in good order, condition and repair, including, but not limited to, the outdoor deck, all interior walls, floors, doorways, plumbing fixtures and pipes, electrical outlets, heating and cooling equipment, and interior and exterior glass.

12.2 Lessee shall maintain the temperature in the premise high enough to prevent the freezing of water in plumbing fixtures and to prevent all other damage caused by low temperatures.

12.3 Lessee shall not overload any floor. Lessor reserves the right to direct the routing and location of all safes and all other heavy objects. All supplies, merchandise, fixtures, appliances and equipment may only pass through proper service doors while premise is occupied by patrons or customers.

12.4 If Lessee fails to make repairs promptly and adequately, Lessor reserves the option to make such repairs. Lessee shall bear the costs of such repairs, including any overtime costs for labor decorating costs. If Lessee fails to pay these costs within thirty (30) days of Lessor's written demand for payment, Lessor has the right to add such costs as part of Lessee's rental payments and pursue payment until such costs have been paid.

12.5 Lessor reserves the right to enter upon the leased premises at all reasonable hours for the purpose of inspecting the same, or of making repairs, additions or alterations to the building in which the leased premise is located, and for exhibiting the leased premise to

prospective tenants, purchasers or others. The exercise by Lessor of any of its rights under this paragraph shall not be deemed an eviction or disturbance of Lessee's use and possession of the leased premises.

12.6 At any time, Lessor either voluntarily or pursuant to governmental requirements, may, at Lessor's own expense, make repairs, reasonably required alterations or improvement in or to the building or any part thereof including the premise, and, during the operations, may do all things necessary in connection therewith, taking every reasonable precaution to avoid, prevent or minimize the occurrence of property damage and loss of business and profits to Lessee during all times that said activity shall continue.

12.7 Lessor shall keep and maintain the foundation, exterior walls, and roof of the building in which the leased premise is located, in good repair.

12.8 The Lessor reserves the right to make, at Lessor's own expense and discretion, such reasonably required major structural alterations or repairs to the subject building and premise as Lessor deems necessary and beneficial to Lessor's interest. The Lessor shall provide to the Lessee thirty (30) days notice of it's intention to make such major structural alterations or repairs. However, where such construction is not undertaken pursuant to governmental requirement and the duration of such activity will extend over a period exceeding sixty (60) days, Lessee may, upon service of notice to Lessor within ten (10) days after receipt of Lessor's notice of intent, elect to terminate this Lease as of the last day of the month in which Lessor's notice of intent

is given, or as the last day of the ten (10) day period, whichever is later.

12.9 If such major structural alterations or repairs to the subject building shall cause the Lessee to completely interrupt it's business operations, Lessee shall not be obligated to pay the rental on a per diem basis for each day, the business is so interrupted. Upon notice by the Lessor that the major structural alterations or repairs have been completed, the Lessee shall become obligated to resume payment of the monthly rental heretofore set forth.

12.10 A "major structural alteration or repair", as used herein shall be any addition to the subject building, replacement of entire walls, floors, foundations or ceilings which disrupts the operation of the business.

12.11 The Lessor reserves the right to construct, adjacent to the subject premise, any building or buildings as Lessor deems necessary or desirable, to replace the subject premise during the term of the subject Lease. The Lessor shall, if all the provisions of the subject Lease have been complied with by the Lessee, provide the Lessee with the first option to lease the new restaurant premises under such terms and conditions as are mutually satisfactory to the Lessor and Lessee for the operation of the restaurant business therein. If Lessor and Lessee do not reach an agreement within ninety (90) days of Lessor's notifying Lessee of Lessor's intent to replace the premise, then Lessee's right to first option shall be considered to be waived provided however, Lessee shall have the additional option to lease the new premises on the terms and conditions of any proposed lease where the terms and conditions are

less than the terms last offered to Lessee by the Lessor within the foregoing ninety (90) day period or thereafter; such right shall be exercised within ten (10) days after Lessor notifies Lessee of the terms and conditions of the proposed lease.

12.12 Lessee shall continue to meet the provisions of this Lease, and pay all rentals, during construction of any new building adjacent to or near the subject premise, except during times of business interruption as provided in this Lease. Upon notice by the Lessor that any new replacement premise is completed and ready for occupancy, if the Lessor and Lessee have entered into a mutually satisfactory lease agreement with respect thereto, the Lessee shall begin to conduct the restaurant business at the new premise. Lessee shall have a reasonable period of time from the notice of the completion of the new premise to complete the transfer. However, if the Lessor and Lessee have not entered into a mutually satisfactory lease agreement with respect to any new replacement premise, then Lessor's notice that said premise is complete and ready for occupancy shall serve to terminate this lease, effective thirty (30) days after the date of that notice.

13. ADDITIONS OR ALTERATIONS REQUIRING LESSOR'S APPROVAL

13.1 Lessee shall not install any apparatus for exterior illumination, air conditioning, cooling, heating, refrigerating or ventilating the premise, or make any alterations in or additions to the premise, without Lessor's advance written consent in each and every instance. Lessor's consent shall not be unreasonably withheld. Before any contract is let, any work done, or any materials delivered to the

premise, Lessee shall comply with the Lessor's requests for plans, specifications, names and addresses of contractors, copies of contracts, necessary permits and indemnifications in form and in expenses of all kinds. Lessee shall permit Lessor to review construction operations. Lessee shall pay the costs of all installations, alterations and additions, and the expenses of their maintenance and operation. Security for such improvements shall be posted as provided in paragraph 5.1.

14. INSTALLATIONS AND ADDITIONS BECOME PROPERTY OF LESSOR

14.1 All installations, additions, hardware, non-trade fixtures and improvements, temporary or permanent, in or upon the leased premises, shall be subject to approval by the Lessor, at which time a written determination shall be made between the Lessor and the Lessee as to the ownership thereof, and as to whether it shall be removed at the termination of the Lease. If Lessee fails to remove such things that had been agreed upon to be removed by the Lessee, Lessor may remove the same and Lessee shall pay the cost thereof or Lessor may retain the same and Lessee shall be conclusively presumed to have conveyed the same to the Lessor under this Lease as a bill of sale without further payment or credit.

14.2 If Lessee fails to remove the trade fixtures from the premises within thirty (30) days at the end of the term of this Lease, Lessor may remove the same and Lessee shall pay the costs thereof; at the option of Lessor, Lessor may retain the same and Lessee shall be

conclusively presumed to have conveyed the same to the Lessor under this Lease as a bill of sale without further payment or credit.

15. OUTSIDE DISPLAY

15.1 Lessee shall not display, install, inscribe, paint or affix any sign, picture, advertisement, or notice outside the premise or the building except in such place or places and of such color, size, design, style and material as shall have advance written approval by Lessor. Lessor shall either approve or deny any Lessee request within a reasonable period of time. Upon expiration of this Lease, Lessee shall remove all such signs, pictures, advertisements and notices. At any time at request of Lessor, Lessee shall remove any and all signs, pictures, advertisements and notices.

16. OUTSIDE MAINTENANCE AND APPEARANCE

16.1 Lessor shall remove snow and ice from the parking areas in front of, adjoining and in the rear of the premise and maintain the grass and shrubbery areas adjacent to the restaurant building.

16.2 Lessee shall keep all sidewalks, entrances, passages, courts, corridors, vestibules, halls, approaches, exits, elevators and stairways free from all obstructions including snow, ice, refuse, ashes and fire hazards of any kind. Lessee shall indemnify the Lessor for any injuries, including deaths, for claims based on violation of this paragraph.

16.3 Lessee shall keep all windows of the premise clean and shall maintain the premise in an attractive condition. If Lessee desires

interior awnings, shades, blinds, window or door coverings of any kind, Lessee shall furnish and maintain the same in an attractive manner at Lessee's own expense.

17. NUISANCES PROHIBITED

17.1 Lessee shall not make or permit to emanate from the premise any noise or odor that is objectionable to the public, to other occupants of the building, or to Lessor, and shall not create or maintain a nuisance thereon, and shall not do any act tending to injure the reputation of the building or the premise. Lessee shall not place or permit any antennae, loud speakers, sound amplifiers or similar devices on the roof or outside of the building.

18. PROHIBITED USES

18.1 Lessee shall not make, use or permit any use of the premise which is directly or indirectly forbidden by law, ordinance or governmental regulation. Lessee shall not make, use or permit any use of the premise which may be dangerous to life, limb or property or contemplated in this Lease.

18.2 Lessee shall not cause any increase of the premium or invalidate any policy of insurance carried on the building, premise, any part or appurtenance thereof or the operation thereof by the Lessor without the written approval of the Lessor. In addition to all other liabilities for breach of any provision of this Lease, Lessee shall pay to Lessor an amount equal to the increased cost of any insurance coverage resulting from Lessee's act or neglect, and shall pay to Lessor

compensation for all damages sustained by Lessor as a consequence thereof. Lessee shall comply with all requirements for federal, state, municipal and other governmental units, including but not limited to, inspections, licenses and permits and promptly pay all proper fees and charges in connection therewith. If the Lessee fails to meet such requirement, Lessor may, but need not, fulfill, such requirements. Any payment made on behalf of the Lessee shall become part of the next month's rent.

19. DISASTER PROVISIONS

19.1 In the event that the premise or the building are made wholly untenable by fire or other casualty, Lessor shall take possession of the injured premise within 30 days thereafter. If Lessor is not prohibited from undertaking reconstructing or repairing by either conditions on the premise or any declarations of government or insurance adjusting agencies, Lessor shall give written notice to Lessee of Lessor's intentions to either (a) terminate this Lease as of the date of the notice, or (b) repair, restore or rehabilitate the building within the ninety (90) days following the date of the notice. If the Lessor later determines that it cannot substantially complete the work, for whatever reason, within that ninety (90) day period, then at any time within one hundred (100) days of the date of the notice of Lessor's intentions, the Lessor may inform the Lessee that this Lease is terminated as of the date of that termination notice. If, at the end of the ninety (90) day period, the work has not been substantially completed, for whatever reason, then there shall be a ten (10) day

period during which the Lessee may terminate this lease upon written notice to the Lessor. At the end of the one hundred (100) days following the notice of Lessor's intention, this Lease shall only be terminated by mutual agreement of Lessor and Lessee. While the premise is untenable, the rent shall be abated on a per diem basis, but shall be paid, as provided herein, to the date of the fire or casualty. If the leased premise shall be partially damaged by fire or other casualty, the premise shall be repaired, restored or rehabilitated by Lessor, and rent, until the damaged portion of the premise is ready for occupancy by Lessee, shall be apportioned according to the part of the leased premise which is usable by Lessee.

19.2 In all cases, due allowance shall be made for reasonable delay which may be caused by adjustment of insurance, strikes, labor difficulties or any cause beyond Lessor's control. Lessee shall cooperate with all Lessor's reasonable requests for moving of Lessee's property in order to facilitate repairs, restoration and rehabilitation.

20. INSURANCE

20.1. Lessor shall cause each insurance policy carried by Lessor insuring the leased premise against loss for fire and causes covered by standard extended coverage, and Lessee shall cause each insurance policy carried by Lessee and insuring the leased premise and it's fixtures and contents against loss by fire and causes covered by standard extended coverage, to be written in such a manner so as to provide that the insuring company waives all right of recovery by way of subrogating against the Lessor or Lessee in connection with any loss or damage

covered by any such policies. Neither party shall be liable to the other for any loss or damage caused by fire or any of the risks numerated in standard extended coverage insurance.

20.2 Lessor shall provide sufficient (as determined by the Lessor) comprehensive insurance coverage for all building structures contained on the leased premise. Lessor shall provide copies of all insurance policies to the Lessee at the inception of said coverage, and thereafter at each renewal, along with sufficient proof of the payment for said insurance policies.

20.3 Lessee shall provide, at Lessee's own expense, sufficient (as determined by the Lessor) comprehensive insurance coverage, which must be approved in writing by the Lessor, for all types of personal property and Lessee's own leasehold improvements contained within and without the subject buildings and located upon the leased premise.

20.4 Said insurance coverage shall be of the following types: (1) fire protection for contents and leasehold improvements and (2) theft protection.

20.5 Lessee shall provide liability insurance coverage in sufficient sums (as determined by the Lessor), which must be approved in writing by the Lessor, and shall include the following types of coverage:

General Public Liability
Property Damage
Personal Injury

20.6 Lessee shall provide any other insurances required to provide adequate protection under the Dramshop Laws of the State of Michigan and all other insurance required by state or federal laws.

20.7 As to Liquor Liability coverage, Lessee shall, at the minimum, provide proof of financial responsibility as that term is defined in the Michigan Liquor Control Act in the minimum amount of three hundred thousand dollars (\$300,000.00) throughout the life of the Lease.

20.8 Anything to the contrary herein notwithstanding, Lessee shall, at the minimum, provide proof of insurance coverages of the kinds and in the amounts shown on the attached model Certificate of Insurance, Attachment "A". These insurance requirements shall be subject to annual review and reasonable increase at Lessor's option during the term of this lease.

20.9 The Lessee shall not occupy the premises or operate the business without the insurance coverage provided in Article 20.

21. INDEMNIFICATION

21.1 Lessee agrees to indemnify and hold Lessor harmless against and from any and all claims, damages, costs and expenses, including reasonable attorneys' fees, arising (in connection with loss of life, personal injury and/or damage to property, other than to the leased premise, arising from or out of any occurrence in, upon or at the leased premise) from the conduct or management of the business conducted by Lessee in the leased premise or from any breach or default on the part of Lessee in the performance of any covenant or agreement on the part of Lessee to be performed pursuant to the terms of this Lease, or from any act or omission of negligence, willful and wanton neglect, or intentional act of Lessee, it's agents, contractors, servants,

employees, concessionaires, licensees, or visitors in or about the leased premise. In case any action or proceeding be brought against Lessor by reason of any such claim, Lessee, upon notice from Lessor, covenants to defend such action or proceeding by counsel reasonably satisfactory to Lessor.

22. EMINENT DOMAIN

22.1 In the event that all of the leased premise are taken by exercise of the power of eminent domain, this Lease shall terminate as of the date possession is taken by the condemnor, and Lessor shall refund any monthly rent paid in advance, by a fraction having the number of days between the date possession is so taken and the first day of the next calendar month as its numerator, and thirty (30) days as its denominator.

22.2 If a portion of the leased premise is taken by eminent domain proceedings, but the taking does not include any land upon which the subject building rests, then this Lease and term shall not terminate, but the Lessor, at it's expense and within one hundred eighty (180) days after the payment to Lessor of the estimated compensation, shall commence to repair or alter the premise not affected by the taking, to make them useable, and shall, with reasonable diligence, proceed with such repairs or alterations. During the repair or alteration, the minimum rent due shall be abated in the same ratio that the square feet of the part taken bears to the total included in this Lease. Lessor and Lessee agree to either accept as compensation such

sums as shall be determined, allocated and paid to each by the condemnor, or to seek a determination of allocation in the condemnation proceedings.

23. TRANSFERS, ATTACHMENTS PROHIBITED

23.1 Lessee is prohibited from causing any lien to be attached upon Lessee's interest by operation of law. Lessee is prohibited from transferring, selling, mortgaging, pledging, assigning, or conveying this Lease, or any interest under it. Lessee is prohibited from subletting the premise or any part thereof without Lessor's consent. Lessee shall not permit the use or occupancy of the leased premise by anyone other than Lessee. The Leasehold interest of Lessee is personal to the Lessee.

24. LESSOR'S CONSENT REQUIRED FOR ASSIGNMENT OR SUBLEASE

24.1 Lessee must gain Lessor's consent to any assignment or subleasing or change of interest in the Lessee. The proposed assignee or sub-lessee shall have a thorough knowledge of and experience in the restaurant business, along with a high reputation in the community for restaurant management pursuant to the requirements of this Agreement. Consent by Lessor to one assignment of this Lease or to one subletting of the leased premise shall not be a waiver of Lessor's rights under this Section as to any subsequent assignment or subletting. Lessor's rights to assign this Lease are and shall remain unqualified. Lessee shall not transfer, sell or assign the Class "C" Liquor License except to a succeeding Lessee or to Lessor.

25. TERMINATION

25.1 If Lessee shall be adjudicated insolvent or bankrupt pursuant to the provisions of any state or federal insolvency or bankruptcy act, or if a receiver or trustee of the property of Lessee shall be appointed by reason of Lessee's insolvency or inability to pay debts, then Lessor may, at it's option, terminate this Lease by giving to Lessee notice in writing of the election of Lessor to so terminate. Neither this Lease nor any interest therein, nor any estate thereby created, shall pass to any trustee or receiver for creditors, or to any person by attachment or execution.

25.2 In addition to other provisions of this contract, in the event that any of the following events occur: (1) Lessee terminates the normal operation of the restaurant facility by closing, (2) Lessee modifies the hours of operation, (3) Lessee has been assessed three (3) penalties by the Lessor for non-compliance, in any one hundred eighty (180) day period of time, (4) Lessee's liquor license is revoked or suspended, or (5) Lessee is convicted of a crime because of a violation of any statute or ordinance relating to liquor at the premise, Lessor shall have the right to immediately suspend the sale of alcohol up to thirty (30) days, or terminate the Lessee's estate and term in this Lease. Lessor shall have the right by Resolution of the City Council to suspend the sale of alcohol up to thirty (30) days, or terminate the Lessee's estate and term in this Lease. If City Council convenes for the purpose of suspension or revocation, Lessee will be afforded due process and agrees to waive any and all rights of appeal from a suspension up to thirty (30) days of the sale of alcohol.

25.3 Lessor may terminate the estate and term leased by sixty (60) days written notice to Lessee upon the happening of any one or more of the following events: (a) the making by Lessee of an assignment for the benefit of it's creditors, (b) the taking of any action for the voluntary dissolution of Lessee or of it's consolidation with or merger into another corporation, (c) a valid mechanic's lien is filed and the Lessee fails within ten (10) days to file an appropriate court approved bond in an amount not less than $1\frac{1}{2}$ times the amount of the lien, or fails to keep said bond valid until the lien is discharged, (d) a material violation of any other provision of this Lease, which is not corrected within the sixty (60) days.

25.4 Upon the termination of the estate in any manner provided in this Lease, Lessor may, if Lessee refuses to surrender possession, re-enter the leased premise, and remove all persons and chattels therefrom. Lessor shall not be liable for damages or otherwise by reason of re-entry or termination of the terms of this Lease. Notwithstanding such termination, the liability of Lessee for the rent provided for hereinabove for the balance of the term remaining after said termination shall not be extinguished, and Lessor shall be entitled to recover immediately as liquidated damages an amount equal to the rent for the said balance of the term.

25.5 In the event of any breach hereunder by Lessee, Lessor may immediately or at any time thereafter, without notice, cure such breach for the account and at the expense of Lessee. If Lessor at any time, by reason of such breach, is compelled to pay, or elects to pay, any sum of money, or does any act which will require the payment of any sum of

money, or is compelled to incur any expense, including reasonable attorney's fees, instituting or prosecuting any action or proceeding to enforce Lessor's rights hereunder, the sum or sums so paid by Lessor, with interest thereon at the rate of twelve percent (12%) per annum from the date of payment thereof, shall be deemed to be additional rent hereunder and shall be due from Lessee to Lessor upon receipt.

25.6 Lessee shall, at the expiration or termination of this Lease, immediately yield up possession to Lessor and, failing to do so, shall pay, as liquidated damages for each day possession is withheld, an amount equal to double the daily minimum rent, computed on the basis of a thirty (30) day month. This does not preclude any action by the Lessor to regain possession of the premises.

25.7 Upon termination of the Lease or of Lessee's possession, Lessee shall surrender all keys of the premise to Lessor at the place designated for the payment of rent. Lessee shall make known to Lessor the explanation of all combination locks on safes, cabinets and vaults in the premise.

25.8 All rights and remedies of Lessor herein enumerated shall be cumulative and none shall exclude the right to any other remedy allowed by law, and said rights and remedies may be exercised and enforced concurrently and whenever and as often as occasion therefor arises.

25.9 It is mutually agreed that if the Lessee defaults in the payment of rent when due, the Lessor shall forward notice in writing of such default to the Lessee. Failure of the Lessee to cure such default within thirty (30) days after the date of mailing of such notice shall

give the Lessor the right to immediately terminate this Lease, eject the Lessee and take possession of the premises at Lessor's option.

26. NOTICE

26.1 Any notice required or permitted under this Lease shall be deemed sufficiently given or served if sent by registered or certified mail to Lessee at the address of the leased premise, and to Lessor at the address designated for the payment of rent, City Manager, City of Troy, 500 West Big Beaver Road, Troy, Michigan, 48084, and either party may, by like notice at any time and from time to time, designate a different address to which notices shall be sent. Notices given in accordance with these provisions shall be deemed received when mailed.

27. UTILITIES

27.1 Lessee shall pay for all telephone, cable, heat, gas, water and electricity used in the leased premise. Lessee shall pay for all repairs or replacement that becomes necessary due to the malfunction, damage, or any other failure of any apparatus necessary for providing telephone, cable, heat, gas, water, and electricity.

28. TAXES

28.1 Lessor shall pay any real estate taxes attributable to the premise. Lessee shall pay any personal property and all other taxes attributable to the premise or operation therein.

29. MISCELLANEOUS

29.1 Nothing contained in this Lease shall be deemed or construed by the parties hereto or by any third party to create the relationship of principal and agent or of partnership or of joint venture or of any association between Lessor and Lessee, it being expressly understood and agreed that no provision contained in this Lease, nor any acts of the parties hereto, shall be deemed to create any relationship between Lessor and Lessee other than the relationship of Lessor and Lessee. Neither Lessor nor Lessee shall do any act which is intended to imply any principal-agent, partnership, or joint venture relationship between them.

29.2 An omission by Lessor to take action on account of a default by Lessee, even if such default persists or is repeated, shall not be interpreted as a waiver of the default on the part of the Lessor. An express written waiver of a default by Lessee, granted by Lessor, shall not affect any default other than the default specified in the express written waiver, and shall not extend beyond the time and extent therein stated. One or more waivers of any covenant, term or condition of this Lease by Lessor shall not be construed as a waiver of a subsequent breach of the same covenant, term or condition. Lessor's consent or approval of any act by Lessee, requiring Lessor's consent or approval, shall not be deemed to waive or render unnecessary Lessor's consent to or approval of any subsequent similar act by Lessee.

29.3 The invalidity or unenforceability of any provision hereof shall not affect or impair the validity or enforceability of any other provisions. The necessary grammatical changes required to make the

provisions of this Lease apply in the plural sense where there is more than one Lessee, and to either corporations, associations, partnerships or individuals, males or females, shall in all instances be assumed as though in each case fully expressed. The laws of the State of Michigan shall govern the validity, performance and enforcement of this Lease. The submission of this Lease for examination does not constitute a reservation of or option for the leased premise; this Lease becomes effective as a Lease only upon execution and delivery there by Lessor and by Lessee.

29.4 If Lessee is a corporation and if at any time during the term of this Lease any part or all of the corporate shares are transferred without the Lessor's consent, by sale, assignment, operation of law or other disposition, so as to result in a change in the present control of said corporation by the person or persons now owning a majority of said corporate shares, Lessor may terminate this Lease and the demised term at any time after such change in control, by giving Lessee sixty (60) days prior written notice of such termination. Notice of such changes of ownership shall be reported in writing to the Lessor within ten (10) calendar days.

29.5 However, in the event of the transfer of the corporate shares of Lessee by reason of the death of the controlling shareholder or shareholders to Personal Representative or other fiduciary, the fiduciary of the Lessee's estate shall cooperate with Lessor and shall continue the operation and secure managers or operators, satisfactory to the Lessor, to perform the restaurant and beverage services pursuant to the requirements of this agreement. The provisions of this paragraph

shall be further subject to the conditions of the paragraph regarding Lessor's consent for assignment or sublease in paragraph 24.1.

29.6 The Lessor agrees and covenants that the Lessee, on payment of the rentals at the time and in the manner aforesaid and performing of all of the foregoing covenants, shall and may peacefully and quietly have, hold, and enjoy the demised premises for the term aforesaid. The Lessee shall have the first option to negotiate a new lease for the premise, to commence upon the expiration of this Lease by passage of time, such first option to be valid from when two hundred seventy (270) days remain before this lease expires until one hundred eighty (180) days remain before this lease expires.

29.7 Lessor and Lessee shall meet no less than on a semi-annual basis in March and October of each year during the term of this Lease to discuss mutual problems and in the spirit of maintaining a constant flow of communications between parties.

29.8 Provided that Lessee's operation of the restaurant on the premise during the period of this Lease has been maintained at it's current level of performance, is not in default, and provided Lessee has maintained it's current ranking as a restaurant by outside sources, Lessee shall have the option to renew this Lease for up to three (3) additional five (5) year terms on the same terms and conditions contained herein; Lessee's election to exercise the extension of the term shall be made by a written communication mailed or delivered to Lessor on or before _____ . During the term of this Lease, Lessor will in writing bring to Lessee's attention as soon as possible any matters which would be of a nature that Lessor feels are

not within the intent of this Lease or would give Lessor reason for not renewing this Lease. Both parties shall make every effort to resolve such matters expeditiously.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed this 18th day of December, 1995.

CITY OF TROY

Witnesses:

Cecilia A. Brubaker

Waylan Keys

BY: Anthony N. Pallotta
Anthony N. Pallotta, Mayor Pro-Tem

BY: Tamara A. Renshaw
Tamara Renshaw, City Clerk

GALLATIN, INC.

[Signature]

By: Linda E. Hall

By: President