

## GROUND LEASE

GROUND LEASE (the "**Ground Lease**") entered into this ~~24~~<sup>27</sup> day of June, 2009, between the MUNICIPALITY OF ANCHORAGE, an Alaska home rule municipality (the "**Municipality**"); and ANCHORAGE HORSE COUNCIL, INC., an Alaska nonprofit corporation (the "**Council**"), and RAINBOW CONNECTION 4-H RIDING FOR THE DISABLED, an Alaska nonprofit corporation ("**Rainbow Connection**") (the Council and Rainbow Connection are not affiliated entities but, for the purposes of drafting only, are hereafter collectively referred to as the "**Equestrian Coalition**").

### Recitals

A. The Municipality is the owner of Tract D, SECTION 16 SUBDIVISION, according to Plat 86-124, Anchorage Recording District, Third Judicial District, State of Alaska (and previously sometimes referred to as being within Section 16, T12N, R3W, Seward Meridian, Alaska), which Section has been dedicated to park purposes, named Ruth Arcand Park, and used for equestrian uses, multiple use public trails uses, picnic and playground uses, and baseball fields uses, all consistent with the Section 16 Park Development Master Plan (Preliminary Report, March 4, 1982), including the Section 16 Park Trails Master Plan (September 1985) (collectively, the "**Master Plan**"), and as reflected on Attachment A (the "**Park**"). The Municipality wishes to continue these uses, including development and maintenance of the William C. Chamberlin Equestrian Center located within an approximate 27.5-acre tract in the northeasterly corner of the Park (the "**Center**") as reflected on Attachment A.

B. The Council is an organization whose members have had an enduring interest in equestrian activities, including supporting, contributing to and managing equestrian uses in the Park.

C. Rainbow Connection is an organization that provides equestrian experiences and services to persons with disabilities, through The Rainbow Connection Therapeutic Riding Program (the "**Riding Program**").

D. Both the Council and Rainbow Connection desire to enter this Ground Lease in order to join forces to achieve their shared long-term vision and goals with respect to the development and renovation of the Center and Park and the development and delivery of

complementary community-based recreational, therapeutic and educational riding programs to a diverse audience consistent with the Master Plan, as it may be amended from time to time.

### Agreement

For valuable consideration, including the mutual agreements of this Ground Lease, the obligations undertaken by the Equestrian Coalition in lieu of rental amounts, and other valuable consideration, receipt of which is hereby acknowledged, the Municipality hereby leases to the Equestrian Coalition, and the Equestrian Coalition hereby takes and leases from the Municipality, that certain property described in paragraph 1 below, upon the following terms and conditions:

1. LEASE PREMISES; EXCLUSIVE USE AREAS. The property leased (the "Lease Premises") is the surface estate in the following described real property::

Tract D, SECTION 16 SUBDIVISION, according to Plat No. 86-124,  
(approximately 334.57 acres, more or less);

situated in the Anchorage Recording District, Third Judicial District, State of Alaska, ,  
and all improvements now or hereafter constructed on the Lease Premises.

The Center, comprising 27.5 acres, more or less, is divided into two areas for the active management and exclusive use of the Council and Rainbow Connection, respectively, as depicted on Attachment A (the "Exclusive Use Areas"). The area designated for the active management and exclusive use of the Council under this Ground Lease is 25.0 acres, more or less (the "Council Exclusive Use Area"), and the area designated for the active management and exclusive use of the Rainbow Connection under this Ground Lease is 2.5 acres, more or less (the "Rainbow Connection Exclusive Use Area"), all as further depicted on Attachment A.

The parties hereto agree that the Council may at any time during the term of this Ground Lease, as it may be extended, expand the size of the Council Exclusive Use Area within the Lease Premises to a contiguous area not larger than 30.0 acres in the event that its reasonable future facility and horse riding trail construction needs require expansion from the 25.0 acres called for herein. Such expansion shall be subject to any then applicable land use regulation or law, and requires written approval of the Municipality, which approval may not be unreasonably withheld.

The Rainbow Connection may at any time during the term of this Ground Lease, as it may be extended, expand the size of the Rainbow Connection Exclusive Use Area within the Lease Premises to a contiguous area not larger than 5.0 acres in the event that its reasonable facility and area use requirements require expansion from the 2.5 acres called for herein. In that event, Rainbow Connection will reestablish the northerly perimeter riding trail to a location outside of the expanded Rainbow Connection Exclusive Use Area in the same condition as it then exists to the reasonable satisfaction of the Municipality. Such expansion shall be subject to any then applicable land use regulation or law, and requires written approval of the Municipality, which approval may not be unreasonably withheld.

2. TERM AND EFFECTIVE DATE. The term of this Ground Lease shall commence on July 1, 2009, and shall continue through and including June 30, 2029, unless sooner terminated as provided herein. In addition, this Ground Lease shall be subject to a right of the Equestrian Coalition collectively, or to either the Council or Rainbow Connection with respect to the Exclusive Use Areas, as the case may be, to an option to renew for two additional periods of 10 years each, pursuant to paragraph 3 below.

3. RENEWAL OPTION. Provided the Equestrian Coalition is not in default in its performance of this Ground Lease, the Equestrian Coalition shall have the option to renew this Ground Lease for two (2) additional 10-year periods, with all terms, conditions and provisions for the renewal periods to be the same as the original Ground Lease. To exercise the renewal option, the Equestrian Coalition shall provide to the Municipality express, clear and unconditional written notice of its intent to renew the Ground Lease not less than ninety (90) days prior to the expiration of the current term of the Ground Lease.

In the event either the Council or Rainbow Connection is in default of their obligations under the Ground Lease or does not desire to renew the Ground Lease, and the other party is not in default and desires to renew the Ground Lease, then the party seeking renewal of the Ground Lease shall have the option to renew this Ground Lease for up to two (2) additional 10-year periods, with all terms, conditions and provisions for the renewal periods to be the same as the original Ground Lease, except that the Ground Lease shall be modified to identify only the single lessee and parcel leased, including the separately-designated Exclusive Use Area applicable to such lessee. The Municipality may require such lessee to provide a separate boundary survey at such time. In the event the Rainbow Connection is in default or does not seek renewal of the Ground Lease, then

the Council shall have the additional option to renew the Ground Lease to include the Rainbow Connection Exclusive Use Area.

4. RENT. There shall be no obligation for any cash payment of rent by the Equestrian Coalition, Council or Rainbow Connection as their interests appear herein in any amount for the Lease Premises during the term of the Ground Lease. However, noncash rent consideration from the Equestrian Coalition shall be due to the Municipality in the form of:

(a) the services and maintenance to be provided by the Equestrian Coalition for the Exclusive Use Areas within the Lease Premises, as well as necessary and appropriate maintenance for the road providing access thereto beginning at the gate south of the public parking lot that serves the adjacent Picnic and Play Area of the Park (including, for example but not by way of limitation, snowplowing and maintenance of landscaping);

(b) allowance of usage by the public of equestrian facilities in the Lease Premises, subject to reasonable fees and restrictions established by the Equestrian Coalition, Council or Rainbow Connection for the use thereof, provided that the public shall be allowed usage of all trails on the Lease Premises without charge to the Municipality or the public; and

(c) full and satisfactory performance of its other obligations for the Lease Premises under this Ground Lease.

5. USE. The Lease Premises may be used only for the purposes set forth in the Section 16 Park Development Master Plan (Preliminary Report, March 4, 1982), including the Section 16 Park Trails Master Plan (September 1985) (collectively, the “**Master Plan**”), as they may be amended from time to time, and as set forth below.

(a) The Council and Rainbow Connection on their respective Exclusive Use Areas shall:

(1) operate the Center and the Riding Program, or their equivalent, on a regular basis during the term of the Ground Lease;

(2) operate and maintain the Exclusive Use Areas within the Lease Premises as provided in Attachment B;

(3) update the Master Plan as required in paragraph 12; and

(4) when constructing any improvements, comply with the Master Plan, as it may be updated, at no cost to the Municipality. Any such construction includes the consent to allow reversion of the improvements in good condition to the Municipality at the termination of this Ground Lease,.

All programs and services of the Center shall be community-responsive and shall provide hands-on, direct experience with equestrian programs for families, children, youth and adults. The Equestrian Coalition shall reach out to local citizens and community groups as well as equestrian user groups to maximize opportunities for all citizens to be involved in the planning, delivery and use of complementary community-based recreational, therapeutic and educational riding programs.

(b) The Council and Rainbow Connection on their respective Exclusive Use Areas may:

(1) construct, operate and maintain facilities and programs for horse training, shows, competitions, equestrian experiences and services to persons with disabilities, and other equestrian events, PROVIDED all such facilities shall:

(A) comply with applicable law as may be amended from time to time;

(B) conform to all requirements which the Municipality, in its capacity as owner of the Lease Premises, may reasonably require; and

(C) comply with all applicable governmental laws, rules, regulations and requirements of the Municipality and other governmental authorities in their governmental regulatory and permitting capacities;

(2) board horses; and

(3) provide other related services as may be appropriate to promote equestrian related activities available to the general public.

(4) allow the temporary use by Rainbow Connection of a portion of the Tozier Arena within the Council Exclusive Use Area for the construction and operation of a 72' x 120' coverall indoor arena for its Riding Program.

(c) The Council and Rainbow Connection on their respective Exclusive Use Areas shall not use or allow the Lease Premises, including the improvements thereon, to

be used for any improper, immoral, unlawful, objectionable or offensive purpose, nor shall the Equestrian Coalition permit any nuisance or waste on the Lease Premises. Council and Rainbow Connection on their respective Exclusive Use Areas shall, at their sole cost and expense, promptly comply with all local, state and federal laws, statutes, ordinances and governmental rules, regulations or requirements in force and as amended from time to time with respect to use and occupancy of their respective Exclusive Use Areas.

(d) The Council may perform such maintenance as it deems appropriate on the trails located within the Lease Premises that are outside the Exclusive Use Areas. This grant of the right to perform trail maintenance on a voluntary basis shall not obligate the Council to perform any maintenance activities on the trails. Furthermore, to the extent such activities are performed, the Council makes no representation or warranty as to the fitness or suitability of such maintenance for trail users or the general public, and disclaims any liability therefor. The Council agrees that such trail maintenance will not interfere with the use of the trails as public multi-use trails. The Council acknowledges that nothing in this Ground Lease relieves the Council or any other party from any liability to third persons arising out of trail maintenance activities.

The Council is not obligated to manage or maintain any area of the Park outside the Council Exclusive Use Area and, without limiting the generality of the foregoing, the parties agree that the Municipality shall retain exclusive responsibility for the maintenance and management of the Picnic and Play Area of the Park (including its adjacent public parking lot) and the Abbott-O-Rabbit Little League Ball Fields located within the Leased Premises (as reflected on Attachment A), and the Council shall not perform any maintenance in those locations..

## 6. SCHEDULING AND CLOSURES.

(a) The Council and Rainbow Connection on their respective Exclusive Use Areas, subject to reasonable safety and operational requirements, shall maintain maximum public hours for the Lease Premises consistent with other Municipal parks and facilities, subject to the conduct of scheduled special events and seasonal closures. The public hours shall be posted on the Municipal park and recreation web site as well as other public access areas. If the Council or Rainbow Connection on their respective Exclusive Use Areas intends to use any part of such areas for private functions when they would be otherwise open to the public, it shall give notice to the director (“**Director**”) of the Municipality’s Department of Parks and Recreation (“**Department**”) not less than seven (7) days in advance of such closures.

(b) Thirty (30) days before the end of each quarter, the Council and Rainbow Connection on their respective Exclusive Use Areas shall provide the Director with a proposed public program schedule, including special events and public/seasonal closures. The Council and Rainbow Connection on their respective Exclusive Use Areas may change this schedule as needed and as space and scheduling permits to accommodate its programming needs and other permitted uses.

7. ASSIGNMENT; RELINQUISHMENT AND RECONVEYANCE; SUBLETTING.

(a) Assignments or Subleases. The Equestrian Coalition, Council and Rainbow Connection may not assign this Ground Lease or any interest in it, nor sublet the whole or any part of the Lease Premises, nor delegate to any other person or entity any of its duties, obligations or responsibilities under this Ground Lease, nor shall this Ground Lease or any interest in it be assignable or transferable by operation of law or by any process or proceeding of any court or otherwise without the prior written consent of the Municipality.

Notwithstanding the foregoing, if at any time during the term of this Ground Lease, as it may be extended, either the Council or Rainbow Connection is in default of its obligations under the Ground Lease and the other party is not in default with respect to its Exclusive Use Area, then the non defaulting party shall be given the option without charge or expense to modify this Ground Lease and obtain a separate lease with respect to its separate Exclusive Use Area, with all terms, conditions and provisions as the original Ground Lease, except that the Ground Lease shall be modified to identify only the single lessee and parcel leased including the separately-designated Exclusive Use Area applicable to such lessee, subject to any applicable subdivision requirement or other land use regulation. In the event the Rainbow Connection is in default or does not seek renewal of the Ground Lease, then the Council shall have the additional option to renew the Ground Lease to include the Rainbow Connection Exclusive Use Area.

(b) Violation; Remedies. Except as provided in paragraphs 3 and 7(a) above, any attempt by the Equestrian Coalition, Council or Rainbow Connection to assign any part of their respective interests in this Ground Lease or delegate any of their duties, obligations or responsibilities hereunder shall be void, constitute a breach of this Ground Lease and give the Municipality the right to all remedies available under this Ground Lease or otherwise available at law or in equity, including the remedy of immediately

terminating this Ground Lease without any further obligations or liabilities of the Municipality to the Equestrian Coalition, Council or Rainbow Connection.

8. CONDITION OF PROPERTY.

(a) Legal Condition of Property. The Municipality makes no representations or warranties with respect to the zoning, plat conditions and notations, flood zone classification or conditions, wetlands classifications and requirements, covenants, conditions and restrictions, legal title or title conditions, or suitability of the Lease Premises for any purposes, including any purposes which are or may be intended by the Equestrian Coalition. The Equestrian Coalition has had an opportunity to complete its due diligence with regard to such (including obtaining title reports, title insurance, etc.) prior to execution of this Ground Lease and related documents, and the Equestrian Coalition (and not the Municipality) shall be responsible and liable for all matters which it may at any time assert or claim to be disadvantageous to it.

(b) Physical Condition of Property. The Council and Rainbow Connection, as to their respective Exclusive Use Areas, acknowledge that they have had an opportunity to inspect the Lease Premises, accept them in their present "as is, where is, with all faults" condition, and acknowledge that they are not relying upon any statement, representation, express or implied warranty or agreement ever made by the Municipality with respect to the Lease Premises which is not expressly contained in this Ground Lease. The Council has been in physical possession of the Council Exclusive Use Area for a substantial period and, in addition, has had an opportunity to determine for itself, through access to professional evaluations or otherwise, the condition of soils, the value to it of the Lease Premises, environmental conditions, geotechnical conditions, wetlands conditions, flood zone classifications or conditions, and all other aspects of such Lease Premises, and the Council and Rainbow Connection as to their respective Exclusive Use Areas (not the Municipality) shall be responsible and liable for all matters which they may at any time assert or claim to be disadvantageous to them.

9. HAZARDOUS MATERIALS.

(a) Environmental Covenants; Indemnification. The Equestrian Coalition, Council and Rainbow Connection shall not cause, nor knowingly allow any member, shareholder, customer, guest, invitee, employee or agent of the Equestrian Coalition to cause, any hazardous materials to be used, generated, stored, or disposed of or released on or about the Lease Premises, without the prior written consent of the Municipality, which consent may be withheld in the sole discretion of the Municipality



and may be revoked at any time. The Equestrian Coalition shall and hereby does indemnify, defend and hold the Municipality harmless from and against any and all loss, damage, expenses, fees, claims, costs, and liabilities, including but not limited to, attorney's fees and costs of litigation, arising out of or in any manner connected with the "release" or "threatened release" by the Equestrian Coalition of "hazardous substances," "contaminants", "oil" or "radioactive materials" (as each of those terms or other terms herein are defined in any applicable state or federal statutes or regulations, hereafter referred to as "Acts") onto the Lease Premises or any portion or portions thereof.

(b) Municipality's Access to Lease Premises. With respect to their respective Exclusive Use Areas, the Council and Rainbow Connection shall allow the Municipality to enter upon the Lease Premises at any time and from time to time to perform any environmental testing the Municipality reasonably requests, provided that such shall be done in a manner not to interfere with the business operations of the Council and Rainbow Connection, shall require reasonable prior notice to the Council and Rainbow Connection (at least 48-hours unless emergency access is required), shall be done at the Municipality's expense, and shall require the Municipality to repair the Lease Premises to its condition prior to the testing.

10. LICENSES, FEES AND TAXES. The Council and Rainbow Connection shall be liable for and shall pay all lawfully assessed property taxes, license fees, excise fees or occupation taxes covering any business conducted or possessory interest with respect to this Ground Lease. If any governmental authority levies a tax on rents payable under this Ground Lease or a tax in any form against Municipality because of or measured by income derived from the leasing or rental of the Lease Premises, such tax shall be paid by the Council and Rainbow Connection for their respective Exclusive Use Areas.

11. UTILITIES. The Council and Rainbow Connection for their respective Exclusive Use Areas shall pay directly to the proper governmental or private utility all connection and use charges for water, sewer, gas, electricity, telephone and other utilities or services used or consumed on the Lease Premises.

12. CONSTRUCTION AND IMPROVEMENTS.

(a) Improvements. The Council and Rainbow Connection for their respective Exclusive Use Areas shall construct and install only those improvements, upgrades and new construction described in the Master Plan, as may be amended from time to time,

through a through a municipal process approved by the Director. The Council and Rainbow Connection for their respective Exclusive Use Areas shall present detailed plans and specifications (“**Plans and Specifications**”) of such improvements sufficient for the Director to make a reasonable decision as to the advisability of construction of such improvements, which decision shall be made within a reasonable period after submission. Approval of the Plans and Specifications shall be at the reasonable discretion of the Director and such approval shall not be unreasonably withheld. In the event the Director’s decision is not favorable to the applicant, such decision may be appealed to the Parks and Recreation Commission, which shall render a decision within a reasonable period after the appeal is filed.

(b) Design of Improvements and Master Plan. The Council and Rainbow Connection for their respective Exclusive Use Areas shall contract for and manage the design for all improvements, including renovations to the Center, and any update to the Master Plan as needed, in consultation with the Department and subject to its approval. The Department shall provide staff support in consultation with the Council and Rainbow Connection for their respective Exclusive Use Areas for the public planning component of all improvements.

(1) Design Values. All design work shall comply with all requirements of the Municipality’s Urban Design Commission, the Planning and Zoning Commission, and the Anchorage Park and Recreation Commission; all other Municipal standards and requirements; and all design programs for each component of the work as may be agreed upon by the parties.

(2) Public Involvement. The Council and Rainbow Connection for their respective Exclusive Use Areas shall conduct a public process necessary to (i) develop consensus on the concept and scope of any improvement prior to schematic design, and (ii) secure public support for an update to the Master Plan where such improvement is not consistent with the existing Master Plan. The Department shall participate in such process, however the Council and Rainbow Connection for their respective Exclusive Use Areas shall fund a private consultant to provide design services and to secure necessary approvals of the Master Plan update and construction documentations in accordance with Municipal Code.

(c) General Conditions. Any improvements approved by the Director pursuant to the provisions of this Ground Lease shall be constructed, reconstructed or remodeled by the Council and Rainbow Connection for their respective Exclusive Use Areas, at their sole cost and expense, in compliance with all applicable governmental statutes,

ordinances, rules and regulations, including particularly the applicable zoning, building, life safety, electrical, mechanical, plumbing and other codes governing the design and construction of buildings of the class proposed. Approval of the Plans and Specifications for such improvements by the Director under the provisions of this Ground Lease (and not, for example, by the Municipality's Planning Department) shall not be a warranty, representation or assurance that such improvements will meet building or construction codes, and any such approval is solely an agreement to permit construction of the improvements pursuant to this Ground Lease. The Council and Rainbow Connection for their respective Exclusive Use Areas shall retain full responsibility for applying for and obtaining all municipal, state and federal licenses, permits and other requirements, notwithstanding any approval by the Director under this Ground Lease.

(d) Ownership of Improvements. All improvements and renovations existing on the Lease Premises (other than signs and personal property of the Equestrian Coalition located on the Lease Premises) as of time of execution of this Ground Lease are and shall remain the property of the Municipality, leased to the Equestrian Coalition as part of the Lease Premises and subject to the terms of this Ground Lease, to be returned at the termination of the Ground Lease as provided herein. All improvements and renovations constructed on the Lease Premises by the Council and Rainbow Connection for their respective Exclusive Use Areas as permitted by this Ground Lease shall be owned by the Council and Rainbow Connection for their respective Exclusive Use Areas until expiration or earlier termination of this Ground Lease, at which time they shall become the property of and be owned by the Municipality at no cost to the Municipality, free and clear of all liens and encumbrances. The Council and Rainbow Connection for their respective Exclusive Use Areas may not, except with the prior written consent of the Municipality, remove any improvements or renovations from the Lease Premises, nor waste, destroy or modify any improvements on the Lease Premises in such a way as to devalue the improvements.

(e) Surface and Subsurface Resources. The Council and Rainbow Connection for their respective Exclusive Use Areas may clear or remove vegetation reasonably necessary for the construction and maintenance of improvements approved by the Director under this Ground Lease, provided such removal or clearing is kept to the minimum amount necessary. The Council and Rainbow Connection for their respective Exclusive Use Areas shall not excavate or use any subsurface material, including silt, sand or gravel located within or under the Lease Premises, unless it has first received prior written approval from the Director for such excavation or use.

(f) Cultural Resources. The Municipality retains title to all cultural resources (the “**Cultural Resources**”) which may exist in, on or under the Lease Premises. Cultural Resources shall mean any object, artifact, or other physical evidence of prehistoric or historic occupancy or use of the Lease Premises by human beings. If the Council and Rainbow Connection for their respective Exclusive Use Areas, during construction of its improvements, discovers Cultural Resources existing on the Lease Premises, it shall immediately cease further work and shall promptly notify the Director, which shall have the extent and nature of the Cultural Resources examined and recovered, if necessary, before work may resume.

(g) Conditions to Construction. The Municipality may impose and require conditions to consenting to construction of improvements, including (but not limited to) the following:

(1) Require construction in accordance with specifications established by the Municipality, including environmental quality specifications, construction code specifications, water, wastewater, sewer, and other safety and health specifications, even if such are not a requirement of any governmental authority;

(2) Require compliance by the Council and Rainbow Connection for their respective Exclusive Use Areas with permit and inspection requirements by applicable governmental authorities of plans, specifications, construction and modifications;

(3) Require specific indemnities, insurance, security, deposit and/or posting of a bond to assure conformance with requirements of the Municipality and to assure (i) construction is acceptable to the Municipality, (ii) all environmental and hazardous waste considerations and concerns of the Municipality are met, (iii) no hazardous or dangerous condition or nuisance remains after the termination of the Ground Lease, (iv) removal of property of the Council and Rainbow Connection for their respective Exclusive Use Areas required to be removed, and (v) repair and restoration of improvements not to be removed at the termination of the Ground Lease.

(4) Require evidence satisfactory to the Director that all funding required for construction of any improvements, or any portion thereof, is in the Equestrian Coalition’s custody or control.

(h) Plans and Specifications. Within sixty (60) days after completion of construction of any improvements on the Lease Premises, the Council and Rainbow

Connection for their respective Exclusive Use Areas shall provide a complete set of “as-built” Plans and Specifications, acceptable to the Director, without cost to the Municipality.

13. INSURANCE AND INDEMNITY.

(a) Insurance. The following insurance shall be required to be obtained and maintained by the Equestrian Coalition covering all risks, claims and liabilities with respect to acts or omissions on or in connection with the Exclusive Use Areas throughout the entire term and any extension of the Ground Lease. The Council and Rainbow Connection shall provide separate insurance for the Center Exclusive Use Area and Rainbow Connection Exclusive Use Area, respectively. Due to the voluntary nature of maintenance under paragraph 5(d) of this Ground Lease, there shall be no requirement to provide insurance covering the Lease Premises outside the Exclusive Use Areas.

(1) Casualty Insurance. Casualty insurance such that the improvements now or hereafter erected upon the Lease Premises are insured by an insurance company authorized to write such insurance in the state of Alaska, against loss or damage by fire and extended perils as covered by the standard extended coverage endorsement customary in the state of Alaska, which insurance shall be in an amount not less than one hundred percent (100%) of the full replacement value of all improvements on the Lease Premises.

(2) Liability Insurance. General liability insurance, with an all risk endorsement, providing coverage for injury, sickness or death to persons or damage to property arising out of the use of the Lease Premises, which insurance shall be carried with companies duly authorized to write such insurance in the state of Alaska. The minimum policy limits shall be not less than ONE MILLION DOLLARS (\$1,000,000) with respect to death, sickness or personal injury to any one person, ONE MILLION DOLLARS (\$1,000,000) with respect to death, sickness or personal injury in any one accident, and FIVE HUNDRED THOUSAND DOLLARS (\$500,000) with respect to property damage.

(3) Workmen’s Compensation Insurance. Employer’s liability and Worker’s Compensation insurance as required by the laws of the State of Alaska, for the benefit of the employees engaged by the Equestrian Coalition in operation of or activities on the Lease Premises.

(4) Vehicle Insurance. Vehicle insurance for owned, non-owned and hired vehicles which are designed to carry more than six passengers, with policy limits of not less than FIVE HUNDRED THOUSAND DOLLARS (\$500,000) with respect to death or personal injury to any one person, FIVE HUNDRED THOUSAND DOLLARS (\$500,000) with respect to death or personal injury in any one accident and FIFTY THOUSAND DOLLARS (\$50,000) with respect to property damage, unless Alaska State law requires additional or greater coverage, in which event there shall be compliance with such requirements.

(b) Coverage on the Equestrian Coalition's Property. The Equestrian Coalition shall be responsible for carrying fire and extended risk casualty insurance on its merchandise, trade fixtures, equipment and other personal property in such amounts (if any) as it wishes, and the Equestrian Coalition hereby waives subrogation or claims against the Municipality for any losses relating to such property, regardless of whether or not such loss may be caused by the Municipality.

(c) Increases in coverage. In the event that the Municipality reasonably concludes that such coverage is insufficient to adequately cover increased or additional risks (whether because of inflation, increased awards experience, industry changes, increase in risk because of the type, scope or size of additional or changed activities carried on by the Equestrian Coalition, customary coverage by responsible parties for similar activities and operations in the Anchorage area, or any other reason), then the Municipality may provide written notice to the Equestrian Coalition of such and the Equestrian Coalition shall obtain, maintain and provide evidence of such insurance.

(d) Waiver of Subrogation. The Municipality and the Equestrian Coalition hereby mutually release each other from liability and waive all right of recovery against each other for any loss in or about the Exclusive Use Areas, from perils insured against under their respective insurance contracts (but only to the extent of such actual insurance coverage), including any extended coverage endorsements thereof, whether due to negligence or any other cause; PROVIDED, HOWEVER, this subparagraph shall be inapplicable if it would have the effect, but only to the extent it would have the effect, of invalidating any insurance coverage of the Municipality or the Equestrian Coalition. Each party shall assure that there is such a written waiver of subrogation provision in each policy.

(e) Companies. Insurance required hereunder shall be issued by companies rated AAA or better in "Bests" Insurance Guide.

(f) Certificate of Insurance. The Equestrian Coalition shall obtain and deliver a certificate issued by the insurance carrier for each policy of insurance required to be maintained by the Equestrian Coalition under the provisions of this Ground Lease on or before the commencement date of the term hereof and thereafter, as respects policy renewals, within fifteen (15) days prior to the expiration of the term of each such policy. Each such certificate of insurance and each such policy of insurance required to be maintained by the Equestrian Coalition hereunder shall expressly evidence insurance coverage as required by this Ground Lease and shall be in a form and content satisfactory to the Municipality. All such policies shall be written as primary policies not contributing with and not as excess coverage to policies that the Municipality may carry.

(g) Municipality as Named Insured; Cancellation. The Municipality shall be named as one of the insureds under each policy of insurance required hereunder. Each policy shall bear an endorsement that the policy may not be canceled without at least thirty (30) days prior written notice to the Municipality. The insurance shall be issued by an insurance company qualified to do business in the state of Alaska, and not by any "surplus lines" or "excess insurance" carrier.

(h) Liability Not Limited. The liability of the Equestrian Coalition shall not be limited to the extent of the specified insurance coverage, and the Equestrian Coalition shall be obligated to indemnify, hold harmless and defend the Municipality for any and all uninsured or underinsured amounts pursuant to subparagraph (j) below.

(i) Insurance Company Requests. The Equestrian Coalition shall promptly comply with any request made by any insurer with regard to the condition of the Exclusive Use Areas or the condition or use of any improvements, equipment, fixtures, or other personal property used on or about the Exclusive Use Areas by making such repairs, additions, corrections, changes in use, or modifications, at sole expense of the Equestrian Coalition, as may be necessary to keep the Exclusive Use Areas and the improvements, equipment, fixtures, or other personal property in conformance with the reasonable requirements of the insurer.

(j) Indemnification. The parties agree that the Municipality shall not be liable for injury to any person, or for the loss of or damage to any property (including property of the Equestrian Coalition) occurring in or about the Exclusive Use Areas from any cause whatsoever, except for the negligence or willful misconduct of the Municipality, its agents, employees and invitees, including any natural or man-made condition or hazards created or permitted to exist on the Exclusive Use Areas. The Equestrian Coalition hereby indemnifies, holds harmless and agrees to defend the Municipality from and

against any and all claims, charges, liabilities, obligations, penalties, damages, costs and expenses (including attorney's fees) arising, claimed, charged against or incurred by Municipality arising from the Equestrian Coalition's construction, repair, alteration and/or modification of any improvements on the Exclusive Use Areas, the Equestrian Coalition's use of the Exclusive Use Areas, the conduct of its business, or from any activity, work or other things done, or permitted by the Equestrian Coalition on the Exclusive Use Areas, including any damages arising from any act or negligence of the Equestrian Coalition, or any shareholder, member, officer, agent, employee, independent contractor, customer, guest, or invitee of the Equestrian Coalition, and from all costs, attorney's fees, and liabilities incurred in the defense of any such claim or any action or proceeding brought against the Municipality by reason of such claim, except for the negligence or willful misconduct of the Municipality, its agents, employees and invitees. Notwithstanding the foregoing, the parties expressly waive any duty of indemnification to one another as a result of the voluntary maintenance performed by the Equestrian Coalition outside the Exclusive Use Areas pursuant to paragraph 5(d) of this Ground Lease.

(k) Separate Liability of Center and Rainbow Connection. The parties hereto agree the foregoing insurance and indemnity provisions and underlying liabilities of the parties to one another shall be separate and distinct with respect to the Exclusive Use Areas; that is, the Center as lessee shall be solely responsible to the Municipality as lessor for the Center Exclusive Use Area and the Rainbow Connection as lessee shall be solely responsible to the Municipality as lessor for the Rainbow Connection Exclusive Use Area. Likewise the Center shall bear no indemnification or insurance obligation to the Municipality for the Rainbow Connection Exclusive Use Area and the Rainbow Connection shall bear no indemnification or insurance obligation to the Municipality for the Center Exclusive Use Area.

#### 14. MAINTENANCE OF LEASE PREMISES.

(a) Maintenance and Repair by the Equestrian Coalition. The Council and Rainbow Connection, for their respective Exclusive Use Areas, shall at all times throughout the term, each at its sole cost and expense, operate and maintain such areas as provided in Exhibit B and keep the structural and non-structural portions of all improvements (including all roofs, roof structures, foundations, walls, exterior doors and entrances, all windows and moldings and trim of all doors and windows and all partitions, door surfaces, fixtures, equipment, electrical, mechanical, lighting, heating, plumbing, fixtures, air conditioning systems, *etc.*) in good order, condition and repair. This obligation shall not apply to any part of the Lease Premises outside the respective



Exclusive Use Areas; it being the intent of the parties that the voluntary nature of such maintenance described in paragraph 5(d) of this Ground Lease shall apply.

(b) No Municipality Responsibility for Repairs. The Municipality shall not be responsible for maintaining, repairing or restoring any part of the Lease Premises or any improvements on the Lease Premises, under any circumstances.

(c) Surrender of Lease Premises. At the expiration or earlier termination of this Ground Lease, the Council and Rainbow Connection for their respective Exclusive Use Areas shall return such areas and all improvements on the Lease Premises (whether on the Lease Premises at the commencement of this Ground Lease or constructed or installed by the Equestrian Coalition during the term of this Ground Lease) to the Municipality in a good, clean condition, reasonable wear and tear excepted. The Equestrian Coalition shall remove all trade fixtures, appliances and furniture which have not been affixed to the Lease Premises (unless the Municipality consents in writing to the Equestrian Coalition leaving such on the Lease Premises) and the Equestrian Coalition shall, at its sole cost and expense, repair any damage to the Lease Premises and/or improvements caused by such removal.

#### 15. LIENS AND ENCUMBRANCES

(a) Liens. The Council and Rainbow Connection for their respective Exclusive Use Areas shall keep such areas and the improvements free from any liens arising out of any work performed, materials furnished or obligations incurred by anyone. The Municipality may post upon the property such notices of non-responsibility for labor or materials supplied to the Lease Premises as it may deem appropriate. In addition, should the Council choose to perform maintenance on trails on the Lease Premises outside its Exclusive Use Area, the Council shall similarly keep that area free from any liens occasioned by the maintenance.

(b) Encumbrances. Without the prior written approval of the Municipality, the Equestrian Coalition, Council and Rainbow Connection shall not permit any mortgage, deed of trust, security agreement, financing statement or other encumbrance to be placed, filed or recorded against the leasehold interest, the improvements, the fee simple interest or any other interest in the Lease Premises. The Municipality shall have no obligation to act reasonably to consider or approve such, and in its sole discretion may decline to authorize any such encumbrances to be placed against the Lease Premises.

16. EMINENT DOMAIN.

(a) Termination of Ground Lease. If more than fifty percent (50%) of the area of land included in the Exclusive Use Areas is taken or appropriated by eminent domain, this Ground Lease may, at the option of either party, be terminated by written notice given to the other party not more than thirty (30) days after the Municipality and the Equestrian Coalition receive notice of the taking or appropriation, and such termination shall be effective as of the date when the Equestrian Coalition is required to vacate the portion of the Exclusive Use Areas so taken. In the event of such termination, all obligations of the Equestrian Coalition, including but not limited to, utilities, taxes, assessments, maintenance charges, *etc.*, due hereunder shall be paid or pro rated to the date of termination.

(b) Non-Termination of Ground Lease. In the event this Ground Lease is not terminated as provided in subparagraph (a) above, it shall continue as to the portion of the Lease Premises that has not been appropriated or taken.

(c) Definition. The term “**eminent domain**” shall include the taking or damaging of the Lease Premises by, through or under any condemnation proceedings by any governmental or quasi-governmental authority, and any purchase or acquisition in lieu thereof.

(d) Damages. All compensation for taking of (i) the fee simple interest in the land without improvements, without reduction for any value assignable to the Ground Lease, (ii) the leasehold interest, and (iii) any improvements, whether existing on the Lease Premises at the time of commencement of this Ground Lease or installed during the term by the Equestrian Coalition, shall belong to Municipality. The Equestrian Coalition shall be entitled to any compensation for relocation of its business and compensation for interruption of its business. All other compensation shall belong to the Municipality.

17. DEFAULT.

(a) Default. The occurrence of any one or more of the following events shall constitute a default and breach of this Ground Lease by the Equestrian Coalition, Council or Rainbow Connection:

(1) Vacating or abandoning by the Council or Rainbow Connection of its respective Exclusive Use Area for more than thirty (30) days, or

dispossession of the Council and Rainbow Connection from its respective Exclusive Use Area by process of law or otherwise, with the understanding that the routine cessation of operations for the winter season or other similar operational decision shall not be considered vacating or abandoning the Exclusive Use Areas;

(2) Failure by the Council and Rainbow Connection for their respective Exclusive Use Areas to make any payment of obligations, adjustments, charges, or any other payment required to be made by the Council and Rainbow Connection for their respective Exclusive Use Areas hereunder, as and when due, with such failure continuing for a period of ten (10) days after the due date;

(3) Failure by the Council and Rainbow Connection for their respective Exclusive Use Areas to insure (as specified in paragraph 13) for any period, with or without notice of such default by Municipality;

(4) Failure by the Council and Rainbow Connection for their respective Exclusive Use Areas to perform any of the covenants, conditions or provisions of this Ground Lease to be performed by them, with such failure continuing for a period of fifteen (15) days after written notice thereof by Municipality to the Council or Rainbow Connection; PROVIDED, HOWEVER, if the nature of the default is such that more than fifteen (15) days are reasonably required for its cure, then the defaulting party shall not be deemed to be in default if the Council and Rainbow Connection for their respective Exclusive Use Areas commences such cure within the fifteen (15)-day period and thereafter diligently prosecutes such cure to completion; or

(5) Making by the Council and Rainbow Connection for their respective Exclusive Use Areas of any general assignment or general arrangement for the benefit of creditors; the filing by or against the Council and Rainbow Connection for their respective Exclusive Use Areas of a petition to have them adjudged a bankrupt, or a petition for reorganization or arrangement under any law relating to bankruptcy (unless, in the case of an involuntary petition filed against them, such is dismissed within thirty (30) days of filing); or the appointment of a trustee or a receiver to take possession of substantially all of the assets located at the Exclusive Use Areas or of their interest in this Ground Lease, where such seizure is not discharged in thirty (30) days after appointment of the trustee or receiver, or the filing of the petition for the appointment of the same, whichever shall first occur.

(b) Remedies On Default. In the event of any such default or breach by the Council and Rainbow Connection for their respective Exclusive Use Areas, the

Municipality shall have the right at any time thereafter, with or without notice or demand and without limiting the Municipality in the exercise of a right or remedy which the Municipality may have by reason of such default or breach, at its election, any, some or all of the following remedies:

(1) Terminate the defaulting party's right to possession of the Lease Premises by any lawful means, in which case this Ground Lease shall terminate with respect to such party and it shall immediately surrender possession of the Lease Premises to the Municipality. In such event, the Municipality shall be entitled to recover from the Council and Rainbow Connection for their respective Exclusive Use Areas all past due rents, adjustments, and other charges; the expenses of reletting the Lease Premises, including necessary renovation and alteration of the Lease Premises and any improvement thereon; reasonable attorney's fees and costs; and any lost income from rental and payments which were to have been paid by the Council and Rainbow Connection for their respective Exclusive Use Areas under this Ground Lease. Unpaid installments of rent or other sums shall bear interest from the date due at the rate of twelve percent (12%) per annum (or if such rate is in excess of the amount allowable at law, then the highest permissible rate);

(2) Maintain the right to possession by the Council and Rainbow Connection for their respective Exclusive Use Areas, in which case this Ground Lease shall continue in effect whether or not the defaulting party shall have abandoned the Lease Premises. In such event, the Municipality shall be entitled to enforce all the Municipality's rights and remedies under this Ground Lease, including the right to recover rent and any other charges and adjustments as may become due hereunder and the nondefaulting party may exercise its right under paragraph 7(a) above, in which it can modify this Ground Lease with respect to its separate Exclusive Use Area, with a separate lease containing all terms, conditions and provisions as the original Ground Lease, except that the Ground Lease shall be modified to identify only the single lessee and parcel leased;

(3) Recover from the defaulting party only the expenses and damages suffered by it as a result of the default or termination, including brokerage commissions, legal costs and expenses, renovation expenses, deferred maintenance, alteration expenses, advertising expenses, and any other damages, with costs and interest as provided in subparagraph (b)(1);

(4) In the event of the defaulting party's failure to perform any of its obligations under the terms of this Ground Lease, the Municipality may perform such

obligations, including bearing the costs and attorney's fees, or providing the services or labor and materials required, and the Municipality is entitled to immediately recover the costs incurred or advanced by Municipality in the defaulting party's behalf, plus interest as provided in subparagraph (b)(1);

(5) The Council and Rainbow Connection for their respective Exclusive Use Areas hereby assigns to the Municipality all revenue and amounts coming due from their respective customers, concessionaires, users, donors, patrons, insurance policies, subscribers, members, shareholders, licensees, or any other source of revenue during any period in which the Municipality has the right under this Ground Lease, whether exercised or not, to reenter their respective Exclusive Use Areas for the defaulting party's default, and shall not have any right to such sums during that period. The Municipality may at its election reenter the Lease Premises and improvements with or without process of law, without terminating this Ground Lease, and either or both collect these sums or bring action for the recovery of the sums directly from such obligors. The Municipality shall receive and have the right to collect all subrents from reletting, applying them first to the payment of reasonable expenses (including attorneys' fees or brokers' commissions or both) paid or incurred by or on behalf of the Municipality in recovering possession, placing the Lease Premises and improvements in good condition, and preparing or altering the Lease Premises or improvements for reletting; second, to the reasonable expense of securing new tenants; third, to the fulfillment of the defaulting party's covenants through the end of the term; and fourth, to the Municipality's uses and purposes. The defaulting party for its respective Exclusive Use Areas shall nevertheless pay to the Municipality on the due dates specified in this Ground Lease the equivalent of all sums required of it under this Ground Lease, plus the Municipality's expenses, less any sums assigned and actually collected under this provision. The Municipality may proceed to collect either the assigned sums or the defaulting party's balances or both, or any installment or installments of them, either before or after expiration of the term, but the period of limitations shall not begin to run on the defaulting party's payments until the due date of the final installment to which the Municipality is entitled, nor shall it begin to run on the payments of the assigned sums until the due date of the final installment due from the respective obligors;

(6) Pursue any other remedy now or hereafter available to the Municipality under any applicable law, including the law of the state of Alaska or the federal government, assuring any non defaulting party of full and peaceable access to its Exclusive Use Area without interference or legal proceeding.

(c) Legal Expenses. If the Municipality is required to bring or maintain any action (including assertion of any counterclaim or cross-claim, or claim in a proceeding in bankruptcy, receivership or any other proceeding), or otherwise refers this Ground Lease to an in-house or contract attorney for the enforcement of any of the covenants, terms or conditions of this Ground Lease, the Municipality shall be reimbursed by the defaulting party for all the costs incurred by the Municipality including reasonable attorney's fees.

(d) Remedies Cumulative-Waiver. The Municipality's remedies hereunder are cumulative, and the Municipality's exercise of any right or remedy shall not be deemed a waiver of, or to alter, affect or prejudice any other right or remedy which the Municipality may have under this Ground Lease, at law or in equity. Neither the acceptance of payment nor any other acts or omissions of Municipality at any time after the happening of any event authorizing the termination of this Ground Lease shall operate as a waiver of any past or future violation, breach or failure to keep or perform any covenant, agreement, term or condition or to deprive the Municipality of its right to terminate this Ground Lease at any time that cause for termination may exist, or be construed to estop the Municipality from promptly exercising any other option, right or remedy that it may have under any term or provision of this Ground Lease, at law or in equity.

(e) Waiver of Rights of Redemption. The Council and Rainbow Connection for their respective Exclusive Use Areas hereby expressly waive any and all rights of redemption granted by or under any present or future laws in the event of them being evicted or dispossessed under this paragraph governing default, or in the event of the Municipality obtaining possession of the Lease Premises, by reason of the violation of any of the covenants or conditions of this Ground Lease, or otherwise.

(f) Acceptance of Payment. The Municipality's acceptance of any payment or other consideration, whether as rent, or otherwise, which is less than the amount or rights claimed as due by Municipality, shall not be deemed to be a waiver of the claimed amount or rights due or a compromise or accord and satisfaction of the amounts or rights claimed as due.

18. DEFAULT BY MUNICIPALITY. The Municipality shall not be in default unless the Municipality fails to perform the obligations required of the Municipality within thirty (30) days after written notice by the Equestrian Coalition, Council or Rainbow Connection to the Municipality specifying in detail the claimed failure to perform; PROVIDED, HOWEVER, if the nature of the Municipality's obligation is such

that more than thirty (30) days are reasonably required for performance, then the Municipality shall not be in default if the Municipality commences performance within such thirty (30)-day period and thereafter diligently proceeds to completion.

19. DAMAGE OR DESTRUCTION.

(a) No Reconstruction. In the event the Lease Premises or any improvements thereon are substantially damaged or destroyed by any cause and the Equestrian Coalition, Council or Rainbow Connection do not or desire to or cannot repair or restore them, they may propose to the Municipality that they pay an amount equal to the fair market value of the improvements destroyed and assign the insurance proceeds to the Municipality to assure such payment, and the Municipality may (but is not required) to elect to accept such proposal or not in its sole discretion. This provision is meant to provide a means that, at the termination of the Ground Lease, the Municipality will have reacquired the Lease Premises with the improvements thereon or their equivalent in cash.

(b) Reconstruction. If, after a fire or other casualty that substantially damages or destroys the improvements on the Lease Premises, the Council and Rainbow Connection for their respective Exclusive Use Areas is to reconstruct the improvements, the insurance proceeds available shall be and hereby are pledged for and are agreed to be dedicated to such reconstruction.

20. ACCESS BY MUNICIPALITY. The Municipality and the Municipality's employees, agents and contractors shall have the right to enter the Lease Premises and any improvements at any reasonable time for the purpose of examining them or for such other legitimate purposes as Municipality deems necessary or desirable.

21. SURRENDER OR ABANDONMENT OF GROUND LEASE PREMISES.

(a) Surrender of Possession. The Council and Rainbow Connection for their respective Exclusive Use Areas shall promptly yield and deliver to the Municipality possession of such areas (including all keys and methods of access) at the expiration or prior termination of this Ground Lease, which the Council and Rainbow Connection for their respective Exclusive Use Areas are obligated to have placed in a good condition and state of repair. The Council and Rainbow Connection for their respective Exclusive Use Areas shall have the right to remove trade fixtures, but to the extent removal of such fixtures causes damage to their respective Exclusive Use Areas, the Council and Rainbow Connection for their respective Exclusive Use Areas shall repair the damage in good workmanlike fashion, at their expense, prior to the date of termination.

(b) Holding Over. Any holding over by the Council and Rainbow Connection for their respective Exclusive Use Areas after the expiration of the term, with or without the Municipality's consent, shall be construed to be a tenancy from month-to-month on all of the terms and conditions set forth herein, to the extent not inconsistent with a month-to-month tenancy, terminable at the election of the Municipality.

(c) Voluntary Surrender. The voluntary or other surrender of this Ground Lease by the Council and Rainbow Connection for their respective Exclusive Use Areas, or a mutual cancellation thereof, shall operate as an extinguishment of any mortgage or deed of trust on the interest of the Council and Rainbow Connection for their respective Exclusive Use Areas and shall not automatically work a merger, but shall, at the option of the Municipality, terminate all or any existing subleases or subtenancies, or operate as an assignment to it of any or all such subleases or subtenancies, at the election of the Municipality.

22. AUTHORITY TO EXECUTE GROUND LEASE. The Equestrian Coalition, Council and Rainbow Connection and the individuals executing this Ground Lease on their behalf, each warrants (i) the individual is duly authorized, by a duly adopted resolution of the board of directors of their respective organizations, to execute and deliver this Ground Lease on behalf of the Council and Rainbow Connection, (ii) the resolution, execution and delivery are in accordance with the governing instrument(s) of their respective organizations, and (iii) the Ground Lease is binding on the Equestrian Coalition, Council and Rainbow Connection in accordance with its terms.

23. NOTICES. All notices required under the terms of this Ground Lease or by law shall be in writing, shall contain a clear and concise statement setting forth the reasons therefor, and shall be either personally delivered or sent by certified mail, postage prepaid, return receipt requested (without restricted delivery), to the appropriate party at the address specified hereafter or such other address as that party may designate in writing to the other party from time to time:

**Equestrian Coalition:**

ANCHORAGE HORSE COUNCIL, INC.  
P.O. Box 112195  
Anchorage, Alaska 99511

RAINBOW CONNECTION 4-H RIDING FOR THE DISABLED



P. O. Box 240663  
Anchorage, Alaska 99524

**Municipality:**

Municipality of Anchorage  
Municipal Manager  
P.O. Box 196650  
Anchorage, Alaska 99519-6650

Municipality of Anchorage  
Director, Department of Economic & Community Development  
P.O. Box 196650  
Anchorage, Alaska 99519-6650

Municipality of Anchorage  
Director, Heritage Land Bank and Department of Real Estate Services  
P.O. Box 196650  
Anchorage, Alaska 99519-6650

Notice shall be deemed to have been given when personally served or three (3) days after mailing as provided above.

24. ARBITRATION. Other than an action for recovery of possession of the Lease Premises or any Exclusive Use Area therein, any disagreement arising out of or related to this Ground Lease shall be determined by arbitration. Such arbitration shall be conducted upon request of either party before a single arbitrator designated by and in accordance with the Alaska Uniform Arbitration Act, Alaska Statutes 09.43.010 - .180, as amended. The arbitrator designated and acting under this Ground Lease shall make its determination in strict conformity with the provisions hereof and applicable law and shall have no power to depart therefrom. Nothing herein shall preclude either party from commencing judicial proceedings seeking equitable relief pending arbitration. The costs, attorney's fees and the expenses related to all proceedings hereunder shall be allocated and determined by the arbitrator as part of its determination based upon the general concept of the losing party, and not the winning party, being liable for such costs, attorney's fees and expenses. All arbitration proceedings shall be conducted in Anchorage, Alaska.

25. NO OBLIGATION OR LIABILITY REGARDING ENFORCEMENT.

Notwithstanding provisions in this Ground Lease whereby the Municipality may require the parties to perform certain acts, comply with certain standards, maintain insurance, act lawfully and with due care, *etc.*, such provisions are solely for the benefit of the Municipality and are not intended for the benefit of the Council or Rainbow Connection or any third parties. Accordingly, any determination by the Municipality under such provisions, any non-assertion, waiver or ignoring of those provisions by the Municipality (whether intentionally or unintentionally), or any other decision, action or non-action by the Municipality shall not be construed to be directly or indirectly for the benefit or protection of parties other than the Municipality, and the Municipality shall have no responsibility to do so or liability to any other parties for such.

26. MISCELLANEOUS.

(a) Law, Venue, and Sovereign Immunity Waiver. This Ground Lease shall be construed, interpreted, and governed by the law of the state of Alaska. Venue for any action arising out of this Ground Lease shall be at Anchorage, Alaska.

(b) Compliance with Applicable Law. The equestrian Coalition shall take such actions as may be necessary to comply promptly with any and all applicable federal, state and municipal law, including statutes, regulations, court decisions and orders.

(c) Waiver. Voluntary Acts. No waiver of any default shall constitute a waiver of any other breach or default, whether of the same or any other covenant or condition.

(d) Successors or Assigns. All the terms, conditions, covenants and agreements of this Ground Lease shall extend to and be binding upon the Municipality, the Equestrian Coalition and their respective organizations, successors, representatives and assigns.

(e) Partial Invalidity. If any term, covenant, or condition of this Ground Lease or the application of it to any person or circumstance is, to any extent, invalid or unenforceable, the remainder of this Ground Lease, or the application of such term, covenant or condition to persons or circumstances other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term, covenant or condition of this Ground Lease shall be valid and be enforced to the fullest extent permitted by law.

(f) Recording. This Ground Lease may not be recorded without the prior written consent of the Municipality.

(g) Headings. The headings and titles to the paragraphs and subparagraphs of this Ground Lease are not a part of this Ground Lease and shall have no effect upon the construction or interpretation of any part.

(h) Time. Time is of the essence of this Ground Lease.

(i) Prior Agreements and Amendments. This Ground Lease contains all agreements of the parties with respect to any matter covered or mentioned in this Ground Lease, and no prior agreements or understandings pertaining to any such matters shall be effective for any purpose. No provision of this Ground Lease may be amended except in writing signed by the authorized representatives of the parties.

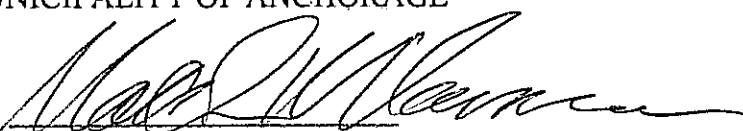
(j) Relationship of Parties. No party shall be deemed in any way or for any purpose to have become a partner of, or joint venturer with, any other in its business, activities, or otherwise. The Council and Rainbow Connection are not affiliated entities but, for the purposes of drafting only, are referred to collectively in this Ground Lease as the "Equestrian Coalition". The relationship between the parties under this Ground Lease is that of "lessee" as to the Council and Rainbow Connection and "lessor" as to the Municipality. Neither the Council, Rainbow Connection, nor any employee, agent, director, officer, shareholder, partner, independent contractor, or other person or entity retained by or associated with them is or shall be deemed to be a partner of, joint venturer with, or employee or agent of the Municipality. The Municipality does not retain the right to direct or control the manner of the performance or how and when the work is done by the Council and Rainbow Connection and only retains the right to inspect the work to see that the specifications required herein are met. The Municipality is interested only in the results obtained under this Ground Lease, and the manner and means of conducting the work are under the sole control of the Council and Rainbow Connection with respect to their separate Exclusive Use Areas. The Council and Rainbow Connection with respect to their separate Exclusive Use Areas shall be solely and entirely responsible for its acts or failure to act (and for the acts or failure to act of its employees, agents, directors, officers, shareholders, partners, independent contractors, or other persons or entities retained by or associated with them) during the performance of this Ground Lease.

The Council and Rainbow Connection with respect to their separate Exclusive Use Areas shall have the full obligation, liability and responsibility for obtaining, paying for and

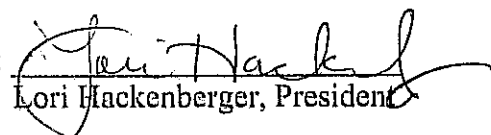
maintaining workmen's compensation insurance on its employees and any others required to be covered by such insurance and for timely reporting, withholding and paying all federal and state payroll taxes and contributions, contributions for unemployment insurance, pensions, annuities retirement, and any other benefits imposed or assessed under any provision of state or federal law measured by wages, salaries, or other remuneration, paid or payable to anyone.

IN WITNESS WHEREOF, the parties hereto have caused this Ground Lease to be executed as of the day and year first written above.

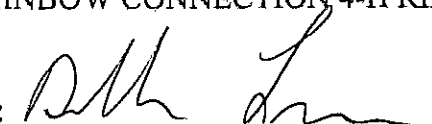
MUNICIPALITY OF ANCHORAGE

By:   
Matt Claman, Acting Mayor

ANCHORAGE HORSE COUNCIL, INC.

By:   
Lori Hackenberger, President

RAINBOW CONNECTION 4-H RIDING FOR THE DISABLED

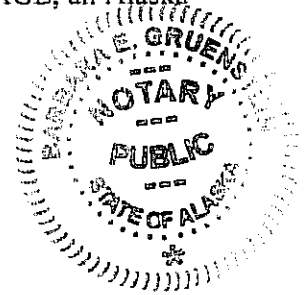
By:   
Debby Tennyson, President

STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

The above document was acknowledged before me this 24<sup>th</sup> day of June, 2009, by ~~Michael K. Abbott, Municipal Manager~~ of the MUNICIPALITY OF ANCHORAGE, an Alaska home rule municipality, on behalf of the municipality.

Matt Claman  
Acting Mayor

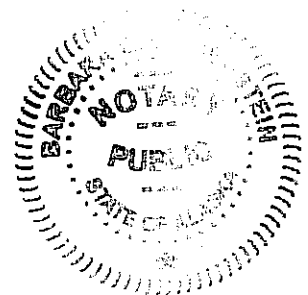
Barbara S. Gruenstein  
NOTARY PUBLIC-STATE OF ALASKA  
My Commission Expires: 9/22/11



STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

The above document was acknowledged before me this 24<sup>th</sup> day of June, 2009, by Lori Hachenberger, President of ANCHORAGE HORSE COUNCIL, INC, an Alaska nonprofit corporation, on behalf of the corporation.

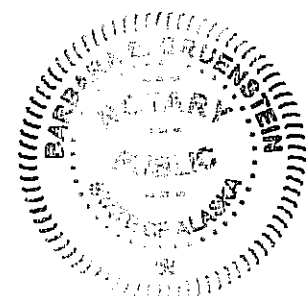
Barbara S. Gruenstein  
NOTARY PUBLIC STATE OF ALASKA  
My Commission Expires: 9/22/11



STATE OF ALASKA )  
 ) ss.  
THIRD JUDICIAL DISTRICT )

The above document was acknowledged before me this 24<sup>th</sup> day of June, 2009, by Debby Tennyson, President of RAINBOW CONNECTION 4-H RIDING FOR THE DISABLED, an Alaska nonprofit corporation, on behalf of the corporation.

Barbara S. Gruenstein  
NOTARY PUBLIC STATE OF ALASKA  
My Commission Expires: 9/22/11



**Attachment A**

**Site Plan**

## Attachment B

### Operation and Maintenance of the Exclusive Use Areas

The Council and Rainbow Connection shall each be responsible during the term of the Ground Lease for providing all the operations and maintenance services reasonably necessary to operate and maintain its Exclusive Use Area, including the following operations, areas, improvements and facilities for public use. Such facilities and areas shall be maintained in a good, safe and sanitary condition at all times, commensurate with the level of maintenance generally expected to be provided by the Municipality at its other parks and facilities. Without limitation of the foregoing, the Council and Rainbow Connection shall each perform the following duties and responsibilities with respect to its separate Exclusive Use Area:

(a) Operations.

(1) Marketing. Shall provide marketing for the Center to ensure maximum use of the Center in accordance with the Ground Lease.

(2) Scheduling. Shall prepare and maintain all schedules for the Center and ensure maximum use of the Center in accordance with the Ground Lease.

(3) Operational Services. Shall provide all management staff and other personnel required for the operation of the Center.

(4) Fee Schedule. Shall develop a fee schedule for all events and activities for the Center.

(5) Concessions. Shall have the exclusive right to operate concessions in the Center.

(6) Utilities. The Equestrian Coalition shall pay all costs of utilities, including water, gas, electric, phone and associated costs with maintaining septic or portable restroom facilities.

(b) Cleaning and Maintenance Obligations.

(1) With respect to their separate Exclusive Use Areas, the Council and Rainbow Connection shall at all times keep the Center in a neat, clean, safe and sanitary condition.

(2) With respect to their separate Exclusive Use Areas, the Council and Rainbow Connection shall implement a preventative maintenance custodial care program that provides for the regular and special maintenance needs of the Center.

(3) With respect to their separate Exclusive Use Areas, the Council and Rainbow Connection shall maintain the Center, including electrical and mechanical systems (heating, plumbing and ventilation), the roof, exterior shell and exterior doors, all at no cost or expense to the Municipality.

(4) Within and with respect to their separate Exclusive Use Areas, the Council and Rainbow Connection shall assume responsibility for maintenance of constructed facilities, including but not limited to lawn mowing, trimming, removal of debris, maintenance of any landscaping improvements, and any snow removal deemed necessary or appropriate by the Council and Rainbow Connection.



# Attachment A



Rainbow Connection Exclusive Use Area (approx. 2.5 ac.)

Anchorage Horse Council Exclusive Use Area (approx. 25 ac.)

Tract D  
334.575 acres

Ruth  
Arcand  
Park

Tract C

Anchorage Golf Course

Abbott-O-Rabbit  
Little League  
Ball Fields

Picnic and  
Play Area

ABBOTT

LAKE OTIS

SENTRY

RELIANCE

VALLEY PARK

RIDGE PARK

RIVES

RIDGEMONT

OMALLEY



NOTE: Equestrian Use Area  
acreages are approximate

- William Clark Chamberlin Equestrian Center
- Municipal Park or HLB Property
- Trail
- Lease Area







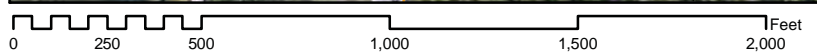
June 23, 2009

Ruth Arcand Park -- Tracts C and D, Section Sixteen Subdivision



NOTE: Equestrian Use Area acreages are approximate

-  William Clark Chamberlin Equestrian Center
-  Municipal Park or HLB Property
-  Trail
-  Lease Area



Ruth Arcand Park -- Tracts C and D, Section Sixteen Subdivision