

RESOLUTION OF THE
RESOURCES AND DEVELOPMENT COMMITTEE
23rd Navajo Nation Council --- Fourth Year, 2018

AN ACTION

RELATING TO RESOURCES AND DEVELOPMENT COMMITTEE; APPROVING THE
THIRD COLLATERAL ASSIGNMENT OF BUSINESS SITE LEASE CH-02-124
BETWEEN PRO HOSPITALITY THREE CHINLE, L.L.C., AND PACIFIC
PREMIER BANK

BE IT ENACTED:

Section One. Authority

- A. Pursuant to 2 N.N.C. § 500, the Resources and Development Committee is hereby established as a standing committee of the Navajo Nation Council.
- B. Pursuant to 2 N.N.C. §501 (B)(2)(a), the Resources and Development Committee grants final approval for all non-mineral leases including modifications and assignments.

Section Two. Findings

- A. The Chinle Regional Business Development Office through memorandum dated February 14, 2018, attached as **Exhibit 2**, requests legislation for approval of collateral assignment of the Pro Hospitality Three Chinle., Lease No. CH-02-124.
- B. In 2002, the former-Economic Development Committee of the Navajo Nation Council approved a business site lease (CH-02-124) between the Navajo Nation as the Lessor and Equus-Canyon De Chelly, L.L.C. Resolution EDCF-17-02 (without attachments) is attached as **Exhibit 3**.
- C. In 2008 the former-Economic Development Committee of the Navajo Nation Council approved the Second Collateral Assignment. Resolution EDCJA-03-08 (without attachments) is attached as **Exhibit 4**.

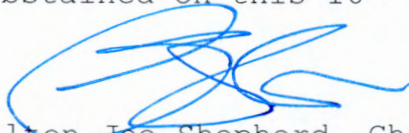
- D. In 2017 the Resources and Development Committee by resolution RDCAU-80-17 approved an assignment of Business Site Lease CH-02-124 from Equus-Canyon De Chelly, L.L.C., to Pro Hospitality Three Chinle, L.L.C. Resolution RDCAU-80-17 with Exhibit B (Lease No. CH-02-124), Exhibit C (Notice of Intent to Transfer Possessory Interest Held Under Navajo Nation Business Site Lease), Exhibit D (Purchase and Sale Agreement and Escrow Instructions) and Exhibit E (Operating Agreement Pro Hospitality Three Chinle L.L.C.) are attached as **Exhibit 5**.
- E. Pro Hospitality Three Chinle, L.L.C., is requesting a Collateral Assignment to Pacific Premier Bank. The Third Collateral Assignment of Lease is attached as **Exhibit 1**.
- F. The Navajo Business and Procurement Act clearance check from the Accounts Receivable Section, Office of the Controller, dated February 5, 2018, is attached as **Exhibit 6**. The Credit Services Department, Office of the Controller, Procurement Clearance dated February 6, 2018, is attached as **Exhibit 7**. The Division of Economic Development, Support Services Department, Procurement Clearance Memorandum dated February 8, 2018, is attached as **Exhibit 8**. The Navajo Nation Shopping Centers, Inc., Memorandum of February 7, 2018, is attached as **Exhibit 9**. The Office of the Navajo Tax Commission, Tax Compliance Officer Memorandum dated March 9, 2018, which states that "Pro Hospitality Three Chinle, L.L.C./Alexandre Rizk is currently registered with our office under the hotel occupancy tax and possessory interest tax requirements" is attached as **Exhibit 10**.
- G. The Executive Official Review Document No. 009640 is attached as **Exhibit 11**.

Section Three. Approval

- A. The Navajo Nation hereby approves the Third Collateral Assignment of Lease No. CH-02-124 between Pro Hospitality Three Chinle, L.L.C., and Pacific Premier Bank attached hereto as **Exhibit 1**.
- B. The Resources and Development Committee of the Navajo Nation Council hereby authorizes the President of the Navajo Nation to execute any and all documents necessary to affect the intent and purpose of this resolution.

CERTIFICATION

I, hereby, certify that the following resolution was duly considered by the Resources and Development Committee of the 23rd Navajo Nation Council at a duly called meeting at the Budget and Finance Conference Room, Window Rock, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of 3 in favor, 0 opposed, 1 abstained on this 16th day of April 2018.



Alton Joe Shepherd, Chairperson
Resources and Development Committee
of the 23rd Navajo Nation Council

Motion: Honorable Davis Filfred
Second: Honorable Walter Phelps



THIRD COLLATERAL ASSIGNMENT OF LEASE

This Third Collateral Assignment of Lease is made and entered into this ____ Day of ____, 2018, by and between Pro Hospitality Three Chinle LLC., hereinafter referred to as "Assignor," whose address is 100 Main Street, Chinle, Navajo Nation (AZ) 86503, and Pacific Premier Bank, hereinafter referred to as "Assignee," whose address is 17902 Von Karman Avenue, Ste. 1200, Irvine, California 92614, concerning Business site Lease No. CH-02124, hereinafter referred to as the "Lease."

SECTION I. RECITALS.

- A. The Assignor, also the Lessee, under a certain Lease, a copy of which is attached hereto as Exhibit "A" and which has been previously approved by the Navajo Nation (individually and collectively, "Lessor" or the "Navajo Nation") and approved by the Bureau of Indian Affairs (individually and Collectively "Bureau" or "BIA"), has been issued for a period of 35 years with a 20 year option commencing on the 9th day of April, 2002.
- B. The Assignee has agreed to make a loan in the amount of \$6,600,000 ("Loan") to finance the Best Western Hotel and restaurant (the "Project") in an amount sufficient to complete the purchase and retire any existing encumbrances. The Loan will be made pursuant to a Loan Agreement (date to be determined by approval of the Collateral Assignment) and a Promissory Note as evidence of the repayment obligation of the Loan.
- C. The Assignor has agreed to make a Collateral Assignment of the Lease ("Assignment") to secure the Promissory Note under the terms of the Loan Agreement as originally made and as may be amended.

SECTION II: ASSIGNMENT

As security for the payment of the Promissory Note, the Assignor hereby assigns its interest and rights in, and right to continued possession under, the Lease, subject to the terms and conditions herein, to the Assignee.

SECTION III. WARRANTIES AND COVENANTS.

- A. The Assignor shall continue to pay all applicable rents and other charges, including payment of outstanding financial obligations, as they fall due under the terms of the Lease and the previous Collateral Assignments.
- B. The Assignor shall not surrender the Lease or any interest in the Lease or terminate or cancel the Lease. The Assignor shall not modify, change, supplement, alter or amend the Lease, either orally or in writing, without the express written consent of the Assignee. Any such termination, cancellation, modification, change, supplementation, alteration, or amendment of the Lease without the prior written consent of the Assignee shall be null and void and have no force and/or effect. However, the Assignee shall not unreasonably withhold approval of any requested change or amendment to the Lease that do not impair

its security interests.

SECTION IV. PERFORMANCE OF LEASE OBLIGATIONS AND RIGHT TO CURE.

- A. The Assignor shall at all times fully perform and comply with the covenants, terms and conditions imposed by or assumed under the Lease.
- B. If the Assignor fails to fully perform and comply with the Lease and the Lessor notifies the Assignee in writing of the default under the terms provided for in the Lease, the Assignee shall not take action against the Lessor in the event of such default, but shall have the option in its sole discretion, but not the obligation, to take any action it deems necessary or desirable to cure the default by the Assignor. On receipt by the Assignee of any written notice of default of the Lease, the Assignee may rely on the notice and take any reasonable action deemed necessary to cure such default, even though the existence of such default, or the nature thereof, is questioned or denied by the Assignor, or by any party on behalf of the Assignor, including taking possession of the leased premises. If the Assignee takes possession of the leased premises, it shall have the right to enforce the Lease to the same extent as if it were the original Lessee under the Lease.
- C. The Assignor hereby expressly grants to the Assignee and agrees that the Assignee shall have the absolute and immediate right to enter in and on the leased premises, or any part thereof, in the event that the Assignee deems it necessary or desirable to prevent or cure any default of the Lease by the Assignor.
- D. The Assignee may pay and expend reasonable sums of money that are necessary to prevent or cure any default of the Lease by the Assignor, and the Assignor, in turn, agrees to pay to the Assignee, immediately and without demand, all sums paid and expended by the Assignee in preventing or curing a default of the Lease by the Assignor together with interest thereon from the date of each such payment by the Assignee at the rate of Wall Street Journal Prime Rate plus two percent adjusted daily from the due date of the Assignee's payment. All sums so paid and expended by the Assignee and the interest thereon shall be secured by this Assignment.

SECTION V. RELEASE OR FOREBEARANCE.

No release or forbearance by the Assignee of any of the Assignor's obligations under the Loan Agreement or the Promissory Note shall release the Assignor from any of its obligations under the Lease, including the Assignor's obligation to perform all terms, covenants and conditions contained in the Lease.

SECTION VI. ACCELERATION AND RIGHT OF REPOSSESSION OR SALE.

Upon the event of default, as defined in the Loan Agreement and Promissory Note, and upon the Assignor's failure to cure within the period provided for in the Loan Agreement and Promissory Note, the Assignee shall be entitled to immediate possession of the leased

premises subject to the terms and conditions of the Lease, to which the Assignee expressly agrees.

SECTION VII. DEFAULT AND SALE.

- A. In the event of default under the Loan Agreement and Promissory Note, and if the Assignor fails to cure the default, Assignee may exercise the rights provided for in the Loan Agreement and Promissory Note and this Assignment. However, before any subsequent assignment transfer, or sale of the Lease is made, whether under power of sale or foreclosure, Assignee shall give written notice of the event of default and the Assignor's failure to cure such default to the Navajo Nation. Before any notice of subsequent assignment, transfer, sale or other form of alienation, the Navajo Nation with first priority shall be given the right to pay Assignee the full unpaid principal, accrued interest due under the Loan Agreement and Promissory Note plus reasonable sale and enforcement costs incurred by Assignee through the date of such payment by the Navajo Nation as the case may be. This right may be exercised at any time before the completion of the sale proceedings.
- B. If the Navajo Nation exercises the right to pay Assignee the full unpaid amount plus accrued interest due under the Loan Agreement and Promissory Note plus reasonable sale and enforcement costs incurred by Assignee through the date of payment, this Assignment shall automatically terminate on the date such right is exercised, and shall have no further force and effect. However, the termination of this Assignment shall not relieve Assignee from any obligation or liability which has accrued before the date of termination. Assignee shall file the appropriate termination statement and/or release with the Lessor.

SECTION VIII. TERMINATION UPON PAYMENT IN FULL.

In the event that the Assignor pays the amount specified in the Loan Agreement and Promissory Note in full, plus interest thereon, this Assignment shall cease to have effect, and the Assignor shall file such termination statement and releases as reasonably necessary within ten (10) days after such payment by Assignor, or at such time as the Assignor requests that such termination statements and/or releases be filed.

SECTION IX. CHOICE OF LAW.

Except as may be prohibited by applicable federal law, the laws of the Navajo Nation shall govern the construction, performance and enforcement of this Assignment. If there is Navajo or applicable federal law, the court shall apply such law. Disputes arising under or related to this Assignment shall be decided exclusively in the courts of the Navajo Nation.

SECTION X. NO WAIVER OF SOVEREIGN IMMUNITY.

Nothing in this Assignment shall be interpreted as constituting a waiver of sovereign immunity of the Navajo Nation.

ACKNOWLEDGMENT

A notary public or other officer completing this certificate verifies only the identity of the individual who signed the document to which this certificate is attached, and not the truthfulness, accuracy, or validity of that document.

State of California

County of San Diego

On February 12th 2018 before me, Jane P. Duff, Notary Public
(insert name and title of the officer)

personally appeared Amber Dorland
who proved to me on the basis of satisfactory evidence to be the person(s) whose name(s) is/are subscribed to the within instrument and acknowledged to me that he/~~she~~/they executed the same in his/~~her~~/their authorized capacity(ies), and that by his/~~her~~/their signature(s) on the instrument the person(s), or the entity upon behalf of which the person(s) acted, executed the instrument.

I certify under PENALTY OF PERJURY under the laws of the State of California that the foregoing paragraph is true and correct.

WITNESS my hand and official seal.

Signature

Jane P. Duff

(Seal)



IN WITNESS WHEREOF, the parties hereto have executed this Collateral Assignment on this and year first above written.

FOR THE ASSIGNOR:

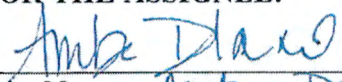


Alexander Rizk
Manager, Pro Hospitality III, Chinle

Date:

2-12-18

FOR THE ASSIGNEE:



Print Name: Amber Dorland
Title: SVP

Date:

2/12/18

FOR THE NAVAJO NATION



President/Vice President

Date:

04-02-18

APPROVED:

BUREAU OF INDIAN AFFAIRS

Date:



THE NAVAJO NATION

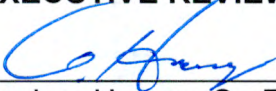
RUSSELL BEGAYE PRESIDENT
JONATHAN NEZ VICE PRESIDENT

Chinle Regional Business Development Office



MEMORANDUM

TO: EXECUTIVE REVIEWERS

FROM: 
Anslem Harvey, Sr. EDS
Chinle Regional Business Development Office
Division of Economic Development

DATE: February 14, 2018

SUBJECT: Proposed Third Collateral Assignment of Lease between Pro Hospitality Three Chinle, L.L.C. (CH-02-124) and Pacific Premier Bank to complete purchase agreement of Chinle Best Western Motel and Restaurant in Chinle (Navajo Nation) Arizona

This proposed Third Collateral Assignment of Lease is concerning a business site lease in Chinle, Arizona known as Chinle Best Western Motel and Restaurant whose owner and Lessee Alexander Rizk proposes to secure a loan from Pacific Premier Bank to complete the purchase agreement from the previous owner Equus Canyon De Chelly, L.L.C.

Lease Possessory Interest in the Lease was transferred to Pro Hospitality Three Chinle, L.L.C., an Arizona Limited Liability Company, from Equus Canyon De Chelly, L.L.C., an Arizona Limited Liability Company, by Lease Assignment approved by Resources and Development Committee (RDCAU-80-17) on August 8, 2017 and the President of the Navajo Nation on August 17, 2017. The Bureau of Indian Affairs Regional Director Ms. Sharon Pinto provided her signature on September 07, 2017 for this Lease transfer.

The Chinle Regional Business Development Office has reviewed this proposed Third Collateral Assignment of Lease between Pro Hospitality Three Chinle, L.L.C. and Pacific Premier Bank and recommends the Resource and Development Committee of the Navajo Nation Council and the Navajo Nation President's approval. If you have any questions, you may contact me at (928) 674-2243.

P.O. Box 565
Chinle, Arizona 86503
(928) 674-2240 FAX (928) 674-2244

**The NAVAJO NATION
SUMMARY OF BUSINESS SITE LEASE**

LEASE NO: CH-02-124

LESSEE: Pro Hospitality Three Chinle, L.L.C., 7502 E. Pinnacle Peak Road,
Suite B116, Scottsdale, Arizona 85255

TERM: Thirty-five (35) years, commencing April 9, 2002

ACREAGE: 3.67 acres, more or less

PURPOSE: Operation of a motel, swimming pool, a restaurant and a curio shop
selling arts and crafts

RENTAL: GMAR \$18,000 per year as guaranteed minimum annual rental, or
1 to 10 years 3.0% of Gross receipts from motel rentals and 1.0% of
Gross receipts from other authorized uses.
11 to 35 years 4.0% of Gross receipts from motel rentals and 3.0%
of Gross receipts from the coffee shop operation and 1.0% of Gross
from other authorized uses [The Lease rental shall be waived
(yes___, No ✓) for the first two years of the development period]

PERFORMANCE

BOND: Sum of not less than one year's rent

PUBLIC

LIABILITY

INSURANCE: \$1,000,000.00 each occurrence
\$2,000,000.00 General Aggregate Limit



EDCF-17-02

**RESOLUTION OF THE
ECONOMIC DEVELOPMENT COMMITTEE
OF THE NAVAJO NATION COUNCIL**

**Approving the Termination Of Business Site Lease No CH-93-89,
dba Equus-Canyon De Chelly, L L C , an Arizona Limited Liability
Company and the Issuance Of a New Business Site Lease To Equus-Canyon
De Chelly, L L C , an Arizona Limited Liability Company For 3 67 Acres Of
Land Located Within the Chinle, Navajo Nation (Arizona)**

WHEREAS

1 Pursuant to 2 N N C §721 and §724(B), the Economic Development Committee of the Navajo Nation Council is authorized to grant final approval of any non-mineral business leases, subleases, lease modifications, lease assignments, leasehold encumbrances and renewals, extensions, and termination of business leases, and

2 Equus-Canyon De Chelly, L L C , was assigned a Lease from Canyon De Chelly Motel on December 5, 2000 for a 3 67 acre tract of land located in Chinle, Navajo Nation (Arizona), that became effective on June 21, 1991, with an expiration date of June 20, 2026, the approved assignment notification is attached hereto as Exhibit "A", and

3 Equus-Canyon De Chelly, L L C , desires to refinance the business at a lower interest rate, but is required to have a Lease term of ten (10) years longer than the term of the proposed loan The loan will be for twenty-five (25) years, thereby requiring a Lease term of thirty-five (35) years, it was determined that the best course of action is to Terminate the current lease and issue a new lease to Equus-Canyon De Chelly, L L C with a new term duration, and

4 The Chinle Regional Business Development Office having negotiated the terms and conditions of the Lease Agreement with Equus-Canyon De Chelly, L L C , recommends to the Economic Development Committee of the Navajo Nation Council to approve the lease termination and the issuance of a new lease to Equus-Canyon De Chelly, L L C , an Arizona Limited Liability Company

NOW THEREFORE BE IT RESOLVED THAT

1 The Economic Development Committee of the Navajo Nation Council hereby approves the termination of Lease No CH-93-89 (Lease Termination attached hereto as Exhibit "B") and approves the issuance of a new Lease

790 208-02

EDCF-17-02

Agreement to Equus-Canyon De Chelly, LLC, an Arizona Limited Liability Company for 3 67 acres, more or less, of land located in Chinle, Navajo Nation Arizona, subject to the terms and conditions of the Lease Agreement, attached hereto as Exhibit "C"

2 The Economic Development Committee of the Navajo Nation Council further authorizes the President of the Navajo Nation to do any and all things necessary and proper to affect the purpose of this resolution consistent with Navajo and Federal laws and regulations

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Economic Development Committee of the Navajo Nation Council at a duly called meeting in Window Rock, Navajo Nation (Arizona), at which a quorum was present and that same was passed by a vote of 6 in favor, 0 opposed and 0 abstained, this 13th day of February 2002



Lawrence R. Platero, Chairperson
Economic Development Committee

Motion Tim Goodluck
Second Robert Ortiz

RECEIVED
2002 AP 26 PM 3 04
ALBUQUERQUE
INDIAN AFFAIRS
RECORDS

RESOLUTION OF THE
ECONOMIC DEVELOPMENT COMMITTEE

21ST NAVAJO NATION COUNCIL - First Year, 2007

AN ACTION

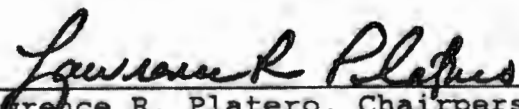
RELATING TO ECONOMIC DEVELOPMENT; APPROVING THE SECOND COLLATERAL ASSIGNMENT OF BUSINESS SITE LEASE NO. CH-02-124 BY LESSEE EQUUS-CANYON DE CHELLY, L.L.C. TO FIRST NATIONAL BANK OF ARIZONA FOR A LOAN OF \$600,000 FOR REFERBISHING IMPROVEMENTS TO THE FACILITIES AT THE BUSINESS SITE.

BE IT ENACTED:

1. The Navajo Nation hereby approves the Second collateral Assignment of Business Site Lease No. CH-02-124 between the Navajo Nation and Equus-Canyon De Chelly, L.L.C., dated April 9, 2002, and attached as Exhibit "A", now to be collaterally assigned to First National Bank of Arizona as collateral for a loan of \$600,000 to Equus-Canyon De Chelly L.L.C., Inc. for the refurnishing and refurbishing of the facilities located at the business site and as described in the Second Collateral Assignment of Lease attached as Exhibit "B",.
2. The Navajo Nation authorizes the President to execute the Consent and Approval of Collateral Assignment of Lease attached as Exhibit "C" and all other documents necessary to effectuate the intent of this resolution.

CERTIFICATION

I hereby certify that the foregoing resolution was duly considered by the Economic Development Committee of the Navajo Nation Council at a duly called meeting held at Window Rock, Navajo Nation (Arizona), at which a quorum was present and that the same was passed by a vote of 7 in favor, 0 opposed, this 17th day of January, 2008.


Lawrence R. Platero, Chairperson
Economic Development Committee

Motion: Mel R. Begay
Second: Kenneth Maryboy

MAR 20 2008

790-141-08

Exhibit A

A certain Tract of land situate within the Southwest quarter (SW1/4) of Section 20, Township 32 North, Range 26 East of the Gila and Salt River Meridian, in the unincorporated community of Chinle, Apache County, Arizona, more particularly described as follows:

Commencing at the Brass Cap, the Southwesterly corner of Section 20;

Thence run North 53 degrees 18 minutes 46 seconds East a distance of 1476.81 feet to the Northwest corner of the herein described tract and the Point of Beginning, being a point on the South R.O.W. line of Navajo Route 7 Highway;

Thence along said R.O.W. line South 78 degrees 41 minutes 36 seconds East a distance of 450.00 feet to the Northwest corner;

Thence South 04 degrees 00 minutes 39 seconds East a distance of 414.73 feet to the Southeast corner;

Thence North 78 degrees 41 minutes 36 seconds West a distance of 350.00 feet to the Southwest corner;

Thence North 16 degrees 20 minutes 36 seconds West a distance of 451.57 feet to the Point of Beginning.

790-141-08

11 3:19

RESOLUTION OF THE
RESOURCES AND DEVELOPMENT COMMITTEE
23rd Navajo Nation Council --- Third Year, 2017

AN ACTION



RELATING TO RESOURCES AND DEVELOPMENT; APPROVING THE ASSIGNMENT
OF BUSINESS SITE LEASE NO. CH-02-124 BETWEEN EQUUS-CANYON DE
CHELLY, LLC AND THE NAVAJO NATION TO PRO HOSPITALITY THREE
CHINLE, LLC, AS NEW ASSIGNEE

BE IT ENACTED:

Section One. Authority

- A. The Resources and Development Committee is established as a standing committee of the Navajo Nation Council. 2 N.N.C. §500(A).
- B. The Resources and Development Committee of the Navajo Nation Council is empowered to grant final approval for non-mineral leases. 2 N.N.C. §501(B) (2).

Section Two. Findings

- A. The Economic Development Committee of the Navajo Nation Council approved a business site lease by Resolution EDCF-17-02, attached as Exhibit "A", between the Navajo Nation and Equus-Canyon de Chelly, LLC on February 13, 2002.
- B. The lease was subsequently approved by the Bureau of Indian Affairs on April 9, 2002, for a term of thirty-five (35) years and designated Lease No. CH-02-124. See Exhibit "B".
- C. A proposed Assignment of Lease between Equus-Canyon de Chelly, LLC, an Arizona Limited Liability Company and Pro Hospitality Three Chinle, LLC, an Arizona Limited Liability Company, if approved, will assign and transfer all leasehold interest of Business Site Lease No. CH-02-124 to Pro Hospitality Three Chinle, LLC. See Exhibit "C".
- D. A Purchase and Sale Agreement and Escrow Instructions was executed between Stephanie Kim Barnett, DBA: Equus-Canyon de Chelly, LLC, an Arizona Limited Liability Company and Alexandre Rizk, DBA: Pro Hospitality Group, LLC, an Arizona Limited Liability company. See Exhibit "D".

E. The Purchase and Sale Agreement and Escrow Instructions as found at Exhibit "D", is conditioned upon approval of the Assignment of Lease No. CH-02-124 by the Resource and Development Committee of the Navajo Nation Council and the President of the Navajo Nation.

F. Pursuant to the proposed Assignment of Lease No. CH-02-124, Pro Hospitality Three Chinle, LLC has submitted an Operating Agreement to also be approved by the Resources and Development Committee of the Navajo Nation Council and the President of the Navajo Nation. See Exhibit "E".

G. The Chinle Regional Business Development Office, Division of Economic Development has reviewed the Assignment forms, Purchase and Sale Agreement and Escrow Instructions executed between Stephanie Kim Barnett of Equus-Canyon De Chelly LLC and Alexandre Rizk of Pro Hospitality Group LLC, and the proposed Operating Agreement and recommends that the Resources and Development Committee of the Navajo Nation Council approve the Assignment of Lease, Purchase Sale Agreement and Operating Agreement. See Exhibits "C", "D", "E".

H. The Assignment documents have received Executive Official Review and found to be legally sufficient. See Exhibit "F".

I. The Resources and Development Committee of the Navajo Nation Council finds it to be in the best interest of the Navajo Nation to approve the assignment of Business Site Lease No. CH-02-124 between the Navajo Nation and Equus-Canyon De Chelly, LLC, Lessee, to Pro Hospitality Three Chinle, LLC, purchaser and new assignee as further described in all relevant documents as attached.

Section Three. Approval

A. The Resources and Development Committee of the Navajo Nation Council hereby approves the assignment of Business Site Lease No. CH-02-124 between the Navajo Nation and Equus-Canyon De Chelly, LLC, Lessee, to Pro Hospitality Three Chinle, LLC, purchaser and new assignee as further described in all relevant documents as attached.

B. The Navajo Nation hereby authorizes the President of the Navajo Nation to execute this Assignment of Business Site Lease No. CH-02-124 and all other documents necessary to effectuate the intent of this resolution.

CERTIFICATION

I, hereby certify that the following resolution was duly considered by the Resources and Development Committee of the 23rd Navajo Nation Council at a duly called meeting at Naataani Conference Room, Navajo Department of Transportation, Tse Bonito, Navajo Nation (New Mexico), at which a quorum was present and that same was passed by a vote of 4 in favor, 0 opposed, 1 abstained on this 8th day of August, 2017.



Alton Joe Shepherd, Chairperson
Resources and Development Committee
of the 23rd Navajo Nation Council

Motion: Honorable Jonathan Perry
Second: Honorable Davis Filfred

RDCAU-80-17

EXHIBIT

"B"

LEASE NO.: CH-02-124
LEASE FEE: \$540.00

RDCAU-80-17

FILE COPY
Surname

Ed Nemoche
by Dione...

PART I
NAVAJO NATION ECONOMIC DEVELOPMENT LEASE
(Navajo Nation Trust Land)

- ☐ Standard Business Site Lease
☐ Shopping Center Lease

(From) _____ - (Until) _____

THIS LEASE, in sextuplicate, is made and entered into this _____ day of _____ 20____, by and between THE NAVAJO NATION, hereinafter called Lessor, whose address is Post Office Box 9000, Window Rock, Navajo Nation (Arizona) 86515, and, Equus-Canyon De Chelly, L L C, an Arizona Limited Liability Company, hereinafter called the Lessee, whose address is PO Box 295, Chinle, Arizona 86503, in accordance with the provisions of 25 U S C §§ 415 as amended, and as implemented by the regulations contained in 25 C F R Part 162, and any amendments thereto relative to business leases on restricted lands which by this reference are made a part hereto

A LAND DESCRIPTION

- 1 For and in consideration of the rents, covenants, agreements, terms and conditions contained herein, Lessor hereby leases to the Lessee the following described premises

A certain Tract of land situate within the Southwest Quarter (SW ¼) of Section 20, Township 32 North, Range 26 East, Gila and Salt River Meridian, in the unincorporated community of Chinle, Apache County, Arizona, more particularly described as follows

Commencing at the Brass Cap the Southwesterly Corner of Section 20 thence run N53°18'46"E - 1 476 81 feet to the Northwest corner of the herein described tract and the Point of Beginning being a point on the South R O W line of Navajo Route 7 Highway

thence along said R O W line S78°41'36" E - 450 00 feet to the Northeast corner
thence S04°00'39" E - 414 73 feet to the Southeast corner
thence N78°41'36" W - 350 00 feet to the Southwest corner,
thence N16°20'36" W - 451 57 feet to the Point of Beginning,
containing 3 67 acres more or less

- 2 All of the above land is located in Chinle Chapter of the Navajo Nation, County of Apache, State of Arizona, subject to any prior, valid, existing rights-of-way and easements There is hereby reserved and excepted from the leased premises rights-

790 208-02

of-way for utilities constructed by or on authority of the Lessor, provided that such rights-of-way do not unreasonably interfere with Lessee's use of the leased premises

B PURPOSE, UNLAWFUL USES

- 1 Lessee shall develop, use and operate the leased premises for the following purposes only

Operation of a motel, swimming pool, a restaurant and a curio shop selling arts and crafts

- 2 The leased premises shall not be used by Lessee, Sublessee(s) or Assignee(s), for any purpose or purposes other than those set out above, except with the prior written consent of Lessor and the Secretary Consent may be withheld, granted, or granted upon conditions, in the sole discretion of Lessor and the Secretary
- 3 Lessee agrees that it will not use or cause to be used any part of the leased premises for any unlawful conduct or purpose

C TERM

The term of this Lease shall be thirty-five (35) years, beginning on the date this Lease is approved by the Secretary

This lease may be renewed for an additional term of twenty (20) years, provided that this Lease is in good standing Lessee shall give written notice of its intent to renew this Lease to the Executive Director of the Division of Economic Development, or his successor, at least ninety (90) days, but no more than six (6) months, prior to the expiration date of this Lease Renewal of this Lease is subject to the approval of Lessor and the Secretary and to applicable provisions of Navajo Nation law and the regulations contained in 25 C F R Part 162, including all amendments and successors thereto

D RENTAL

- 1 The Lessee, in consideration of the foregoing, covenants and agrees to pay in lawful money of the United States of America to the Controller of the Navajo Nation, for the use and benefit of the Lessor the following (NOTE The rent may consist of a guaranteed minimal annual rent [GMAR] or a rent based on a percentage of gross, whichever is higher [commonly used for business sites], A guaranteed minimal annual rent plus a percentage of gross [commonly used for Shopping Centers] , or a fixed monthly rent subject to renegotiation every five years [commonly used for Industrial and Manufacturing Facilities] Be specific as to the rental terms of the Lease)

- (1) A percentage of gross receipts of business as specified below, whether such businesses are operated by Lessee, Sublessee, Assignee or operated under a management agreement

1 to 10 years 3.0% of Gross receipts from motel rentals and 1.0% of Gross receipts from other authorized uses

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11 to 35 years 4.0% of Gross receipts from motel rentals and 3.0% of Gross receipts from the coffee shop operation and 1.0 % of Gross from other authorized uses [The Lease rental shall be waived (yes no ☒) for the first two years of the development period]

- (2) The sum of \$18,000 as a Guaranteed Minimum Annual Rental (GMAR) hereunder [Guaranteed Minimum Annual Rental shall be waived (yes no ☒) for the first two years of the development period]

- 2 If Lessee's rental is an annual obligation, Lessee must make monthly rental payments in advance equal to at least one-twelfth of the aforementioned minimum annual rental not later than the tenth (10th) day after the first day of the month for which the rental is due Lessee may elect to pay monthly rental in an amount based on the percentage rental rate on the month's gross receipts, however, no payment shall be less than one-twelfth of the minimum rental Monthly payments based on the percentage rental rate on gross receipts shall be paid not later than the tenth (10th) day after the end of the month for which rental is due All rental shall be deposited with the Controller of the Navajo Nation When the annual accounting required by Section 1 3, Part II, of this Lease is completed, the Lessee shall pay any balance due on any percentage rental, or if there is an overpayment, the overpayment shall be credited toward future rents
- 3 Rental unpaid ten (10) days after the due date shall bear interest at eighteen percent (18%) per annum, from the date it becomes due until paid, but this provision shall not be construed to relieve the Lessee from any default in making any rental payment at that time and in the manner herein specified The rents called for hereunder shall be paid without prior notice or demand
- 4 While the leased premises are in trust or restricted status, the Secretary may in his discretion suspend the direct rental payment provisions of this Lease, in which event the rental shall be paid to the Secretary or his authorized representative
- 5 In the event a sublease, assignment, management agreement or transfer of this Lease, or any right to or interest in this Lease, or any improvements are made to the leased premises, the rent and other terms of this Lease shall be subject to renegotiation

E IMPROVEMENTS

- 1 The Lessee, in consideration for the granting of this Lease, covenants and agrees that Lessee will maintain improvements, renovations at a cost of and having a reasonable value of \$ 40,000 or more
- 2 Except as otherwise provided in this Lease, all buildings and improvements, excluding removable personal property and trade fixtures, on the leased property shall remain on said property after termination of this Lease and shall thereupon become the property of Lessor Lessor may require Lessee, at Lessee's expense, to remove improvements and restore the premises to the original state upon termination of this Lease The term "removable personal property" as used in this Section shall not include property which normally would be attached or affixed to the buildings, improvements or land in such a way that it would become a part of the realty, regardless of whether such property is in fact so placed in or on or affixed to the

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buildings, improvements or land in such a way as to legally retain the characteristics of personal property. Lessee shall remove all removable personal property and trade fixtures prior to termination of this Lease. Should Lessee fail to remove said personal property and trade fixtures prior to termination of this Lease, said property shall thereupon become property of Lessor, and may be disposed of in any manner by Lessor.

F COMPLETION OF DEVELOPMENT

- 1 The Lessee shall complete the full improvement and development of the leased premises in accordance with the general plan and architect's design, submitted in accordance with Section E above, within 60 months from the date which the Navajo Nation approves the plans and designs described in that Section. If Lessee fails to complete full development within such period, such failure shall constitute a breach of the terms of this Lease and may be cause for cancellation.
- 2 Whenever under this Lease a time is stated within which or by which original construction, repairs, or reconstruction of improvements shall be made and during such period a general or sympathetic strike or lock out occurs, war or rebellion ensues, or some event unquestionably beyond Lessee's power to control, the period of delay so caused shall be added to the period limited herein for the completion of such work.

G CONSTRUCTION, MAINTENANCE, REPAIR, ALTERATION

All improvements placed on the leased premises shall be constructed in a good and workmanlike manner and in compliance with applicable laws and building codes. All parts of building visible to the public or from adjacent properties shall present a pleasant appearance as determined by Lessor and all service areas shall be screened from public view to the satisfaction of Lessor. Lessee shall, at all times during the term of this Lease and at Lessee's sole cost and expense, maintain the premises and all improvements thereon and any alterations, additions, or appurtenances thereto, in good order and repair and in a safe, sanitary, neat and attractive condition, and shall otherwise comply with all laws, ordinances and regulations applicable to said premises. Lessee shall have the right during the term of this Lease to make limited alterations, additions or repairs to improvements on the premises in an amount not to exceed \$ 10,000 per year. Alterations, additions or repairs in excess of the above amount or any removal or demolition of an improvement shall not be made without the prior written approval of Lessor. Lessee shall indemnify and hold harmless the Lessor and the United States Government against liability for all claims arising from Lessee's failure to maintain said premises and the improvements thereon as herein above provided, or from Lessee's non-observance of any law, ordinance or regulation applicable thereto.

H RENTAL AND PERFORMANCE BOND

- 1 Upon approval of this Lease by the Lessor and the Secretary, Lessee agrees to post a corporate surety bond or other security acceptable to Lessor and the Secretary in a penal sum of \$ 18,000, which bond shall be deposited with the Secretary and shall remain in force for the full term of this Lease, at the discretion of Lessor and the

Secretary From time to time the amount of such bond may be increased or decreased by the Lessor and the Secretary, at the Lessor's and the Secretary's reasonable discretion, to more accurately reflect the actual damage which would be suffered by the Lessor in the event of a default in any performance required of the Lessee

- 2 It is understood and agreed that bond or security required by this Section will guarantee performance of the contractual obligations under this Lease, and that a corporate surety bond may be furnished annually or may be continued from year to year by a certificate of renewal, a copy of which certificate shall be furnished to the Secretary by Lessee If U S Treasury Bonds are provided, Lessee agrees to make up any deficiency in the value of the bonds Interest on said U S Treasury Bonds shall be paid to Lessee Should waiver of bond or security be granted during the term of this Lease, Lessor and the Secretary reserve the right to request that Lessee furnish bond or security at a later date and Lessee hereby agrees to comply with said request

I CONSTRUCTION BOND

- 1 At Lessor's option, prior to the commencement of construction of any improvement on the leasehold premises, the Lessee will cause his construction contractor to post a construction bond in favor of Lessor and Lessee If the construction contractor cannot post such a bond, the Lessee shall post the construction bond The purpose of the construction bond is to guarantee the completion of the improvements and payment in full of valid claims of all persons for work performed in or materials furnished for construction of the improvements The construction contractor or the Lessee may provide security by either
 - A) Posting a corporate surety bond in an amount equal to the cost of each improvement, said bond to be deposited with the Lessor and to remain in effect until the improvement is satisfactorily completed Said bond shall be conditioned upon faithful performance by Lessee or his construction contractor and shall give all claimants a right of action to recover upon said bond in any suit brought to foreclose on any mechanic's or materialmen's liens against the property If United States Treasury Bonds are provided, Lessee, or his construction contractor, agrees to make up any deficiency in the value deposited that might occur due to a decrease in the value of the bonds Interest on said bonds shall be paid to Lessee
 - B) Depositing in escrow with the Lessor or an institution acceptable to the Lessor, negotiable United States Treasury Bonds, or cash, or furnishing a non-revocable letter of credit satisfactory to Lessor in an amount sufficient to pay the entire cost of construction of each building or other improvement then to be erected on the premises If United States Treasury Bonds are provided, Lessee or his construction contractor shall make up any deficiency of the value deposited that might occur due to a decrease in the value of said bonds Interest on said bonds shall be paid to Lessee or his construction contractor The funds so deposited may then be used, at the option of Lessor, to discharge any valid mechanic's or materialmen's liens, if no such liens exist, the withheld funds shall be disbursed to Lessee or his construction contractor

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- 2 If Lessee enters into a construction loan agreement with a financial institution, said loan agreement shall be subject to the approval of Lessor and the Secretary Prior to such approval, Lessee shall perform all conditions precedent to the assumption of obligations under the agreement by the financial institution and Lessee shall deposit with the lending institution, or otherwise secure by means of a performance bond, the difference between the amount of the loan and the total cost of improvement**

J NOTICES AND DEMANDS

- 1 All notices, demands, requests or other communications to or upon either party provided for in this Lease, or given or made in connection with this Lease, shall be in writing and shall be addressed as follows

To or upon Lessor **President**
The Navajo Nation
Post Office Box 9000
Window Rock, Navajo Nation (Arizona) 86515
Telefax 1-520-871-4025

To or upon Lessee

Equus-Canyon De Chelly, L L C
PO Box 295
Chinle, Arizona 86503

Telefax

Copies to

Executive Director
Division of Economic Development
P O Box 663
Window Rock, Navajo Nation (Arizona) 86515

Regional Director
Navajo Regional Office
Bureau of Indian Affairs
P O Box 1060
Gallup, New Mexico 87305-1060

- 2 All notices shall be given by personal delivery, by registered or certified mail, postage prepaid or by facsimile transmission, followed by surface mail. Notices shall be effective and shall be deemed delivered when dispatched and may be delivered by personal delivery, registered or certified mail, or by facsimile transmission, followed by surface mail.**

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- 3 Lessor and Lessee may at any time change its address for purposes of this Section by notice

K APPLICABLE TERMS AND CONDITIONS

The Standard Terms and Conditions for Economic Development Leases on Navajo Nation Trust Land in Part II of this Lease apply to this Lease and are incorporated herein in their entirety (NOTE The Terms and Conditions for a Standard Business Site Lease apply to all Leases The Terms and Conditions for Business Site Leases with Underground Storage Tanks apply where they are appropriate If Underground Storage Tanks are on the premises when the Lessee signs the Lease, or are installed after the Lessee signed the Lease, these Terms and Conditions will apply to the Lease as a matter of law Special Terms and Conditions for Navajo Nation Business Site Leases Within Navajo Nation Shopping Centers apply only to Leases in Navajo Nation Shopping Centers)

The specific Version of Standard Terms and Conditions for Navajo Nation Economic Development Leases (Trust Land) is Version 1.4 dated 8/24/01

- 12 EXCEPTIONS TO STANDARD TERMS AND CONDITIONS (Insert and justify any deviations from the Standard Terms and Conditions in Part II of this Lease)

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IN WITNESS WHEREOF, the parties hereto have set their hands

THE LESSEE

Richard V Francis 2/14/02
Richard V Francis Vice President of Equus Canyon De Chelly L L C Date

THE NAVAJO NATION, LESSOR

By H. H. H. H. H.
President, Navajo Nation

Date 2-28-02

APPROVED

Pursuant to Secretarial Redelelegation Order
209 DM 8, 230 DM 1 and 3 IAM 4

By [Signature]
Regional Director, Navajo
BUREAU OF INDIAN AFFAIRS

Date APR 09 2002

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PART II

STANDARD TERMS AND CONDITIONS FOR NAVAJO NATION ECONOMIC DEVELOPMENT LEASES (Navajo Nation Trust Land)

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STANDARD TERMS AND CONDITIONS FOR NAVAJO NATION ECONOMIC DEVELOPMENT LEASES (Navajo Nation Trust Land)

10 STANDARD TERMS AND CONDITIONS FOR ALL NAVAJO NATION
BUSINESS SITE LEASES

11 DEFINITIONS

A "Approved Encumbrance" means an encumbrance approved in writing by the Lessor, the Secretary and sureties if any in accordance with the terms and conditions of this Lease.

B "Encumbrancer" means the owner and holder of an Approved Encumbrance including all successors and assigns.

C "Gross Receipts" means all income including money and other things of value received by or paid to Lessee or its affiliates whether individuals, corporations, partnerships or other legal entity or received by or paid to others for Lessee's or its affiliates use and benefit derived from business done, sales made or services rendered directly or indirectly on or on the leased premises or any portion thereof. All income accruing from credit transactions will be treated as "gross receipts" as of the date credit is extended. Gross Receipts will not include amounts collected and paid out for a sales and excise tax imposed by any duly constituted governmental authority where such tax is billed to the purchaser as a separate item. Any taxes paid by the Lessee as a part of the cost of merchandise purchased by the Lessee are not to be excluded or deducted. It shall not include credits for the exchange of goods or merchandise between stores if any of Lessee or its affiliates where such exchange is made solely for the convenient operation of business and not for the purpose of consummating a sale previously made directly from or on the leased premises. It shall not include the amount of any refund where the merchandise sold or some part thereof is returned by the purchaser and accepted by Lessee or its affiliates. It shall not include income from the sale of fixtures or good will or the sale of improvements including but not limited to corrals, buildings, livestock scales and holding pens.

D "Secretary" means the Secretary of the Interior or his authorized representative, delegate or successor.

12 CONDITION OF LEASED PREMISES

A Lessee has examined and knows the leased premises and improvements thereon and accepts the same as is. No representations as to the condition of the leased premises have been made by Lessor, any agent of Lessor or the United States prior to or at the time of execution of this Lease. Lessee warrants that it has not relied on any warranty or representation made by or on behalf of Lessor or the United States but solely upon Lessee's independent investigation.

B The independent investigation shall include an environmental site assessment which provides the Lessee with knowledge of the environmental status of the leased premises including the status of the storage tanks and/or other regulated substances.

13 ACCOUNTING

When an accounting of Gross Receipts is required under the Lease in order to determine a percentage rent, the Lessee shall not later than April 15 of each successive calendar year or fraction thereof following the date the term of this Lease begins, submit to Lessor and the Secretary individually certified statements of gross receipts. Failure to submit aforementioned statements on a timely basis shall be considered a breach of the Lease and the Lease may be subject to cancellation. With said statements, Lessee shall tender payment of any balance due for the preceding calendar year under the percentage rental fee as set forth in Section D above. Said statement shall be prepared by a Certified Public Accountant licensed in the State of Arizona, New Mexico or Utah in conformity with standard accounting procedures. Any duly authorized representative of the United States Government or any qualified accounting agent or agents appointed by the Lessor shall have access to and the right to examine and audit any pertinent books, documents, papers and records of Lessee's tenants if any relating to this Lease during the normal business hours of any working day. Lessee shall insert a similar provision in all subleases and shall make available to said representative agent or agents all books and records of Lessee's tenants which may be requested or may be necessary for completion of a full audit of all business conducted on the leased premises. The acceptance by the Lessor or the Secretary of any monies paid to Lessor or the Secretary by Lessee as percentage rental for the leased premises as shown by any statement furnished by Lessee shall not be an admission of the accuracy of said statement or of the sufficiency of the amount of said percentage rental payment, but the Lessor or the Secretary shall be entitled at any time within four (4) years after receipt of any such percentage rental payment to question the sufficiency of the amount thereof and/or the accuracy of the statements furnished by Lessee to justify the same and shall have the right to examine and/or audit as hereinbefore described. Therefore, Lessee shall for said period of four (4) years after submission to the Lessor or the Secretary of any such statement keep safe and intact all of Lessee's records, books, accounts and other data which in any way bears upon or are required to justify in detail any such statement, and Lessee shall insert a provision in all subleases requiring similar retention of records.

14 UTILITY SERVICE LINE AGREEMENTS

A Lessee specifically is authorized to enter into appropriate service line agreements with utility companies for the provision of utility services to the leased premises including gas, water, sewer, electricity, telephone, television and other utilities without further consent by Lessor and with the Secretary on the condition that

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- (1) such agreements are for the sole purpose of supplying utility services to the leased premises and
- (2) such agreements authorize utility service lines only within the leased premises and
- (4) executed copies of such agreements together with plats or diagrams showing with particularity the location size and extent of such service lines are filed by the utility companies with Lessor within thirty (30) days of their execution and
- (5) such agreements are otherwise in accordance with the provisions of 25 C.F.R. § 169.22 including any amendments or successors thereto

B Nothing contained herein shall be construed to limit the right of Lessor to enter into service line agreements with utility companies for service lines across the leased premises provided that such service lines do not unreasonably interfere with Lessee's use of the leased premises nor otherwise to affect the rights-of-way reserved to Lessor in Section 2 of this Lease

15 SUBLEASE ASSIGNMENT MANAGEMENT AGREEMENT TRANSFER

- A Lessee shall not sublease assign place under a management agreement or in any manner whatsoever transfer this Lease or any right to or interest in this Lease or any of the improvements on the leased premises or sell assign or transfer more than forty nine percent (49%) of the corporate stock of any corporation named as Lessee without the written approval of Lessor the Secretary and sureties if any and no such sublease assignment sale amendment or transfer shall be valid or binding without such approval and then only upon the condition that the Sublessee Assignee or other successor in interest excepting an approved encumbrancer(s) shall agree in writing to be bound by each and all of the covenants and conditions of this Lease Should Lessee attempt to make any such sublease assignment sale amendment or transfer except as aforesaid such action shall be deemed a breach of this Lease excepting that an encumbrancer as herein set forth may enforce his rights in the manner hereinafter provided Approval of one sublease assignment sale amendment or transfer shall not validate a subsequent sublease assignment sale amendment or transfer and the restrictions of this Section shall apply to each successive sublease assignment sale amendment or transfer hereunder and shall be severally binding upon each and every Sublessee Assignee Transferee and other successor in interest of the Lessee excepting an encumbrancer
- B For purposes of this Section the creation of a partnership corporation joint venture management agreement or any other

- (3) such agreements do not extend beyond the term of this Lease including any extensions thereof and

arrangement under which any person or entity other than Lessee is entitled to share in profits derived directly or indirectly from the leased premises or activities carried out thereon shall be considered a sublease or assignment of this Lease and therefore shall require the approval of Lessor and the Secretary

C Approval or disapproval of any sublease assignment management agreement or transfer for any purpose whatsoever by the Lessee shall be within the sole discretion of Lessor Approval of any sublease assignment management agreement or transfer is subject to the approval of the Lessor Lessor reserves the right to adjust the rental provisions of this Lease upon any sublease assignment or transfer

16 ENCUMBRANCE

- A This Lease or any right to or interest in this Lease or any of the improvements on the leased premises may not be encumbered without the written approval of the Lessor the Secretary and sureties and no such encumbrance shall be valid without said approval The Lessor shall not unreasonably withhold its approval to an encumbrance
- B An encumbrance must be confined to the leasehold interest of the Lessee or the subleasehold interest of a Sublessee and shall not jeopardize in any way Lessors interest in the land Lessee agrees to furnish as requested any financial statements or analysis pertinent to the encumbrance that the Lessor and the Secretary may deem necessary to justify the amount purpose and terms of said encumbrance
- C An encumbrancer of any Sublease in the event of default by Sublessee of the terms of an approved encumbrance may exercise any rights provided in such approved encumbrance provided that before any sale of subleasehold whether under power of sale or foreclosure the encumbrancer shall give to Lessor the Secretary and Lessee hereunder notice of the same character and duration as is required to be given to the Sublessee by the encumbrancer and/or by applicable law
- If notice of such sale shall be given and the defaults of any of them upon which such notice of sale is based shall then continue Lessor if Lessee fails to act shall have the following rights which may be exercised at any time prior to the completion of sale proceedings
- (1) To pay the encumbrancer the full unpaid principal amount of the approved encumbrance plus unpaid interest accrued to the date of such payment plus

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		foreclosure or sale costs incurred to the date of such payment			encumbrance and delivering to the encumbrancer a policy of title insurance in the face amount of such promissory note issued by a reputable title insurance company and insuring that the new encumbrance is a first lien upon the subleasehold described in said sublease subject only to current taxes and to conditions restrictions and reservations of record at the time of recording the approved encumbrance
	(2)	To execute in favor of the encumbrancer a promissory note and a new encumbrance which new encumbrance must be approved by the Secretary for the full unpaid principal amount of the approved encumbrance plus unpaid interest accrued to the date of such execution plus sale expenses incurred to the date of such execution upon the same terms and conditions as originally provided by the approved			
D		If Lessee or Lessor exercises either of the above rights all of the right title and interest of the Sublessee in the Sublease shall automatically terminate on the same date the right is exercised and the Lessor or Lessee shall on the same date acquire the subleasehold however the acquisition of the subleasehold by Lessee or Lessor under these circumstances shall not serve to extinguish the sublease by merger with the Lease or otherwise			costs incurred to the date of such payment
	(2)	To execute in favor of the encumbrancer a promissory note and a new encumbrance which new encumbrance must be approved by the Secretary for the full unpaid principal amount of the approved encumbrance plus unpaid interest accrued to the date of such execution plus sale			
E		In the event Lessor or Lessee does not avail itself of the above rights and any sale under the approved encumbrance occurs whether by power of sale or foreclosure the purchaser at such sale shall succeed to all of the rights title and interest of the Sublessee in the subleasehold covered by said encumbrance It is further agreed that if the purchaser at such a sale is the encumbrancer the encumbrancer may sell and assign the subleasehold without any further consent provided that the Assignee shall agree in writing to be bound by all the terms and conditions of the Sublease If the encumbrancer is the purchaser it shall be required to perform the Sublease only so long as it retains title thereto If a sale under the approved encumbrance occurs and the purchaser is a party other than the encumbrancer approval by Lessor and the Secretary of any assignment will be required and said purchaser as successor in interest to the Sublessee shall be bound by all the terms and conditions of the sublease and will assume in writing all the obligations thereunder			expenses incurred to the date of such execution upon the same terms and conditions as originally provided by the approved encumbrance and delivering to the encumbrancer a policy of title insurance in the face amount of such promissory note issued by a reputable title insurance company and insuring that the new encumbrance is a first lien upon the property described in this Lease subject only to current taxes and to conditions restrictions and reservations of record at the time of recording the new encumbrance
			G		If Lessor exercises either of the above rights all right title and interest of Lessee in the Lease shall terminate and Lessor shall acquire the Lease provided however that such termination shall not relieve the Lessee from any obligation or liability which had accrued prior to the date of termination Acquisition of the Lease by Lessor under these circumstances shall not serve to extinguish the Lease by merger or otherwise
F		In the event of default by the Lessee of the terms of an approved encumbrance the encumbrancer may exercise any rights provided in such approved encumbrance provided that before any sale of the leasehold whether under power of sale or foreclosure the encumbrancer shall give to Lessor and the Secretary notice of the same character and duration as is required to be given Lessee by such encumbrance and/or by applicable law If notice of such sale be given and the default of any of them upon which notice of sale is based shall then continue Lessor shall have the following rights which may be exercised at any time prior to the completion of sale proceedings			
	(1)	To pay to the encumbrancer the full unpaid principal amount of the approved encumbrance plus unpaid interest accrued to the date of such payment plus sale		H	In the event Lessor does not avail itself of the rights set forth in this Section and any sale under the approved encumbrance occurs whether by power of sale or foreclosure the purchaser at such sale shall succeed to all of the rights title and interest of the Lessee in the leasehold estate covered by said approved encumbrance It is further agreed that if the purchaser at such sale is the encumbrancer the encumbrancer may sell and assign the leasehold interest without any further consent provided that the Assignee shall agree in writing to be bound by all the terms and conditions of this Lease If the encumbrancer is the purchaser it shall be required to perform this Lease only so long as it retains title thereto If a sale under the approved encumbrance occurs and the purchaser is a party other than the encumbrancer approval by Lessor and the

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Secretary of any assignment will be required and said purchaser, as successor in interest to the Lessee, shall be bound by all the terms and conditions of this Lease and will assume in writing all the obligations thereunder.

17 LIENS, TAXES, ASSESSMENTS, UTILITY CHARGES

Lessee shall not permit to be enforced against the leased premises or any part thereof any liens arising from any work performed, materials furnished, or obligations incurred by Lessee. Lessee shall discharge all such liens before any action is brought to enforce same. Further, Lessee shall pay, before becoming delinquent, all taxes, assessments, licenses, fees, and other like charges levied during the term of this Lease upon or against the leased land and all interests therein and property thereon, for which either Lessee or Lessor may become liable. Upon request, Lessee shall furnish Lessor and the Secretary written evidence duly certified that any and all taxes required to be paid by Lessee have

18 LESSOR'S PAYING CLAIMS

Lessor shall have the option to pay any lien or charge payable by Lessee under this Lease or settle any action therefor if the Lessee, after written notice from the Lessor or Secretary, fails to pay or to post bond against enforcement. All costs and other expenses incurred by Lessor in so doing shall be paid to Lessor by Lessee on demand, with interest at the rate of eighteen percent (18%) per annum from the date of Lessor's payment until repayment is made. Failure to make such repayment on demand shall constitute a breach of this Lease.

19 SANITATION

- A. Lessee hereby agrees to comply with all applicable sanitation codes, requirements, or laws which may be related to the purpose of this document as set forth in Section 8(1). Such compliance shall specifically include, but not be limited to, the sanitary regulations of the U.S. Public Health Service. Lessee further agrees to at all times maintain the entire premises in a safe, sanitary condition, presenting a good appearance both inside and out in all buildings operated on the leased premises.
- B. Lessee further agrees to comply with applicable state, Navajo Nation, or local laws, statutes, ordinances, or regulations, court or administrative orders or decrees pertaining to all environmental matters, including but not limited to the storage and disposal of regulated substances. Lessee further agrees that all solid waste generated by the Lessee or by any Sublessee shall be disposed of only at a state or tribally certified public or private landfill and shall maintain records to demonstrate compliance with this requirement.
- C. Lessee agrees to maintain all records required by applicable law and regulations and to make such records available to appropriate officials of the Navajo Nation or federal government.

110 HAZARDOUS AND REGULATED SUBSTANCES

Lessee shall not cause or permit any hazardous substance (as defined by RCRA, 42 U.S.C. §§ 6901 et seq., CERCLA, 42 U.S.C. §§ 9601 et seq., or other federal laws and regulations) to be used, stored, generated, or

been paid, satisfied, or otherwise discharged. Lessee shall have the right to contest any claim, asserted tax, or assessment against the property by posting bond to prevent enforcement of any lien resulting therefrom, and Lessee agrees to protect and hold harmless Lessor, Secretary, and the leased premises and all interest therein and improvements thereon from any and all claims, taxes, assessments, and like charges and from any lien therefor or sale or other proceedings to enforce payment thereof, and all costs in connection therewith. Lessor shall execute and file any appropriate documents with reference to real estate tax exemption of the land when requested by Lessee. In addition to the rents, taxes, and other charges herein described, Lessee shall pay charges for water, sewage, gas, electricity, telephone, and other utility services supplied to said premises.

disposed of on or in the premises without first obtaining written consent of the Navajo Nation Environmental Protection Agency. If hazardous or regulated substances (as defined above) are used, stored, generated, or disposed of on or in the premises, or if the premises become contaminated in any manner for which Lessee or a Sublessee is legally liable, Lessee shall indemnify and hold harmless the Lessor and the United States from any and all claims, damages, fines, judgments, penalties, costs, liabilities, or losses (including without limitation a decrease in value of the premises, damages due to loss or restriction of rentable or usable space, or any damages due to adverse impact on marketing of the space, and any and all sums paid for settlement of claims, attorneys' fees, consultant and expert fees) arising during or after the Lease term and arising as a result of such contamination by Lessee. This indemnification includes, without limitation, any and all costs incurred due to any investigation of the site or any cleanup, removal, or restoration mandated by the federal government or Navajo Nation. Without limitation of the foregoing, if Lessee causes or permits the presence of any hazardous or regulated substance on the premises and such results in any contamination of the leased premises, including but not limited to the improvements, soil, surface water, or groundwater, Lessee shall promptly at its sole expense take any and all necessary actions to return the premises to the condition existing prior to the contamination, presence by any such hazardous or regulated substance on the premises. Lessee will first obtain Lessor's approval for any such remedial action.

111 LIABILITY INSURANCE

Policies required under Subparagraph B of this Lease shall also name the United States of America as an additional named insured. Without limiting any liabilities or any other obligations of Lessee, Lessee will provide and maintain the minimum insurance coverages listed below. Coverage will be provided with forms and insurers acceptable to the Navajo Nation until all obligations under this Lease are satisfied. All insurers must be duly licensed and have a current AM Best rating of at least A VII and if unlicensed, be an admitted surplus lines insurer. All policies required under this Lease shall name the Navajo Nation as an additional named insured.

- A. Workers' compensation insurance to cover obligations imposed by federal and state statutes of the entity having jurisdiction over the Lessee's employees working on the leasehold, and Employers' Liability insurance with

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- a minimum of ONE MILLION DOLLARS (\$1 000 000 00) In case of any contracted work on the lease hold the Lessee will require the Contractor and all subcontractors to provide comparable coverage
- B Commercial General Liability Insurance with an unimpaired minimum combined single limit of not less than ONE MILLION DOLLARS (\$1 000 000 00) Each Occurrence with a TWO MILLION DOLLARS (\$2 000 000 00) General Aggregate Limit. The policy shall include coverage for bodily injury broad form property damage personal injury blanket contract independent contractor product and completed operations coverage The policy shall contain a severability of interests provision
- C Commercial and/or Business Automobile liability insurance with a combined single limit for bodily injury and property damage of not less than ONE MILLION DOLLARS (\$1 000 000 00) each occurrence with respect to Lessee's owned hired and non-owned
- F The policies required by Sections B and C shall be endorsed to include the Navajo Nation its agents representatives officers directors officials and employees as additional insureds and shall require that the insurance provided by Lessee shall be primary insurance and that any insurance earned by the Navajo Nation its agents officials or employees shall be excess and not contributory insurance to that provided by Lessee
- G An acceptable certificate of insurance shall be issued to the Navajo Nation by the Lessee prior to commencement of the Lease as evidence that policies providing the required coverages conditions and limits are in full force and effect A copy of such certificate shall be furnished to the Secretary Such certificate shall indemnify this Lease and contain provisions that coverage afforded under the policies will not be canceled terminated or materially altered until at least thirty (30) days prior written notice has been given to the Lessor
- Certificates of insurance shall be addressed as follows Navajo Nation Department of Risk Management P O Box 1690 Window Rock Arizona 86515
- H Any failure to comply with the claim reporting provisions of the policies or any breach of a policy warranty shall not affect coverage afforded under the policy to protect the Lessor
- I Failure on the part of the Lessee to procure or maintain required insurance shall constitute a material breach of contract upon which the Lessor may immediately terminate this Lease
- J The Navajo Nation reserves the right to request and receive certified copies of any or all of the above policies and/or endorsements

vehicles assigned to or used in Lessee's business

- D If the Lessee is engaged in a profession the Lessee shall carry Professional Liability insurance in an amount satisfactory to the Risk Management Department of the Navajo Nation In the event that the insurance coverage is written on a claims made basis the Risk Management Department of the Navajo Nation may at its discretion require tail coverage beyond the term of the Lease
- E Lessee at its cost shall maintain insurance coverage for full replacement cost on all of Lessee's personal property Lessee's alterations Lessee's utility installations and Lessee's trade fixtures in or about the Premises The proceeds from any such insurance shall be used by Lessee for the replacement of Lessee's personal property alterations utility installations or trade fixtures only if Lessor repairs or rebuilds the Premises
- K Lessee and its insurers providing the required coverages shall waive all rights of recovery against the Navajo Nation and its agents officials and employees and the Secretary The insurance limits required under this Lease shall not limit the liability of the Lessee nor relieve the Lessee of any obligation under this lease
- L The Lessee shall not do or commit to be done anything in or upon any portions of the Premises or bring or keep anything there which would in any way conflict with the condition of any insurance policy upon the Premises or in any way increase the rate of insurance upon the Premises or on property kept there

112 FIRE AND CASUALTY INSURANCE

- A Lessee shall from the date of approval of this Lease carry fire and casualty insurance with extended coverage endorsement covering not less than full insurable value of all improvements on the leased premises Said policy shall be obtained from a reliable insurance company licensed to do business in the State in which the leased premises are located and shall be written jointly to protect Lessee Lessor and the United States of America and shall provide for notification to the Lessor and the Secretary prior to any change in said policy or any cancellation or non renewal of said policy for any reason including non payment of premiums A copy of said policy shall be deposited with Lessor and the Secretary In the event of damage to any improvement on the leased premises Lessee shall rebuild repair or otherwise reinstate the damaged improvement or building in a good and substantial manner according to the plan and elevation of the improvement or building so destroyed or damaged or in accordance with any modified plan approved in writing by the Lessor prior to commencement of repair or reconstruction Repair or reconstruction shall commence as soon as possible and in

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any event within one (1) year after the damage occurs and shall be pursued diligently. Insurance proceeds shall be deposited in an escrow account with an institution approved by Lessor and the Secretary. Lessee shall also deposit in said escrow account all additional funds required to reconstruct the damaged improvement. Escrow instructions shall include provisions that all funds so deposited shall be used to reconstruct the damaged improvements and that funds shall be disbursed during the progress of reconstruction on proper architect's, engineer's or contractor's certificates. All money in escrow after reconstruction has been completed shall be paid to Lessee.

- B In the event of damage to the extent of seventy five percent (75%) or more of the total value of all improvements on the leased premises during the last five (5) years of the term of this Lease, Lessee shall have the option to reconstruct said improvements. Lessee shall provide Lessor with a written notice of the exercise of Lessee's obligation to reconstruct. Any encumbrancer shall be named as a beneficiary under all insurance policies required by this paragraph and in the event of loss or damage to the buildings on the leased property while an approved encumbrance remains unpaid, the amount of such loss or damage (but not exceeding the remaining balance of the approved encumbrance) shall be paid to the encumbrancer on the condition that the encumbrancer agrees to comply with the reconstruction obligations set forth herein. If such amount paid to the encumbrancer is sufficient to repair the loss or damage with respect to which it was paid, or if Lessor or Lessee shall within three (3) months after such payment by the insurer to the encumbrancer deposit with the encumbrancer enough money to completely repair the loss or damage when added to the amount paid by the insurer to the encumbrancer, the encumbrancer shall upon written order of Lessor or Lessee pay such monies for such repair, and it shall not be deemed a payment or credit on the encumbrance, but otherwise at the expiration of such three (3) months said sum so paid by the insurer to the encumbrancer shall be applied and credited upon the approved encumbrance. It is understood and agreed that nothing stated herein shall relieve Lessee of its obligation to repair and/or replace the damaged improvement to a condition as good or better than before the damage occurred.

1 13 INDEMNIFY, DEFEND AND HOLD HARMLESS

Except for Lessor's sole Negligence, Lessee shall indemnify, protect, defend and hold harmless the Lessor and the United States from and against any and all claims, loss of rents and/or damages, costs, liens, judgments, penalties, permits, attorneys' or consultants' fees, expenses and/or liabilities arising out of involving or dealing with the occupancy of the Premises by Lessee, the conduct of the Lessee's business, any act, omission or neglect of Lessee, its agents, contractors, employees or invitees, and out of any Default or Breach by Lessee in the performance in a timely manner of any

reconstruction option within thirty (30) days of the event of damage giving rise to Lessee's reconstruction option. Should Lessee exercise its option to reconstruct, Lessee shall commence reconstruction of the damaged improvements within ninety (90) days of Lessee's exercise of its reconstruction option and shall diligently pursue the reconstruction to completion. Should Lessee not exercise its option to reconstruct, this Lease shall terminate one hundred and twenty (120) days after the event of damage giving rise to Lessee's reconstruction option. The leased premises shall be cleared of debris at Lessee's expense prior to termination of the Lease. Lessee shall not be charged rent during the period of debris removal unless Lessee occupies the leased premises beyond the Lease termination date, after which the Lessee will be charged hold over rental as provided in Section 1.21. In the event Lessee does not reconstruct, all insurance proceeds shall be paid to Lessor.

obligation on the Lessee's part to be performed under this Lease. The foregoing shall include, but not be limited to, the defense or pursuit of any claim or any action or proceeding involved therein, and whether or not litigated and/or reduced to judgment and whether well founded or not. In case any action or proceeding be brought against Lessor or the United States by reason of any of the foregoing matters, Lessee upon notice from any Lessor or the United States shall defend the same at Lessee's expense by counsel reasonably satisfactory to Lessor and the United States, and the Lessor and the United States shall cooperate with Lessee in such defense.

1 14 EMINENT DOMAIN

If at any time during the term of this Lease, the leased premises or any part thereof is taken or condemned under the laws of eminent domain, then and in every such case, the leasehold estate and interest of the Lessee in said premises or part thereof taken shall forthwith cease and terminate. All compensation awarded by reason of any takings of the leased land and any taking of or injury to the buildings or improvements located thereon shall be awarded to the Lessee and the Lessor as their interests appear at the time of such taking, provided that Lessee's right to such awards shall be subject to the rights of an encumbrancer to receive such awards as set out in an approved encumbrance. The rental thereafter payable hereunder to the remainder of the term of this Lease shall be reduced in the proportion that the value of the entire premises is reduced by such taking or condemnation.

1 15 DEFAULT

A Time is declared to be of the essence of this Lease. Should Lessee default in any payment of monies when due, fail to post bond, or be in violation of any other provision of this Lease, said violation may be acted upon by the Secretary in accordance with Title 25, Chapter 1, Part 162 of the Code of Regulations or any amendments thereto. In addition to the rights and remedies provided by the aforementioned regulations, Lessor or the Secretary may exercise the following options upon Lessee's default as authorized by applicable law:

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1 16	(1) Collect by suit or otherwise all monies as they become due hereunder or enforce by suit or otherwise Lessee's compliance with all terms of this Lease or	(3) Take any other action deemed necessary to protect any interest of Lessor
	(2) Re-enter the premises if the Lessee has abandoned the premises or has failed to conduct business for a period of time with out notice and remove all persons and property therefrom excluding the property belonging to authorized Sublessees and re let the premises without terminating this Lease as the agent and for the account of Lessee but without prejudice to the right to terminate the Lease thereafter and without invalidating any right of Lessor and the Secretary or any obligations of Lessee hereunder The terms and conditions of such re letting shall be in the sole discretion of Lessor who shall have the right to alter and repair the premises as it deems advisable and to relet with or without any equipment or fixtures situated thereon Rents from any such re letting shall be applied first to the expense of re letting collection altering and repairing including attorney's fees and any real estate commission actually paid insurance taxes and assessments and thereafter toward payment to liquidate the total liability of Lessee Lessee shall pay to Lessor monthly when due any deficiency and Lessor or the Secretary may sue thereafter as each monthly deficiency shall arise or	B No waiver of a breach of any of the covenants of this Lease shall be construed to be a waiver of any succeeding breach of the same or any other covenant of this Lease
1 17	ATTORNEY'S FEES	C Exercise of any of the remedies outlined in this Section shall not exclude recourse to any other remedies by suit or otherwise which may be exercised by Lessor or the Secretary or any other rights or remedies now held or which may be held by Lessor in the future
	Lessee agrees to pay and discharge all reasonable costs attorneys fees and expenses that may be incurred by Lessor or the Secretary in enforcing provisions of this Lease	D If any approved encumbrancer shall give Lessor before any default shall have occurred in this Lease a written notice containing the name and address and the interest in the premises of such encumbrancer Lessor shall thereafter give to such encumbrancer a copy of each notice of default by Lessee at the same time as such notice of default shall be given by Lessor to Lessee Lessor shall accept such encumbrancers performance of any of Lessees covenants or other obligations under this Lease with the same force and effect as though performed by Lessee Upon providing such written notice the encumbrancer shall have standing to pursue any appeals permitted by applicable statutes and regulations that Lessee would be entitled to pursue Further Lessor shall not terminate the Lease if an encumbrancer has commenced and is diligently pursuing a foreclosure action to terminate Lessees interest in said Lease and has cured or is taking action to cure the breach that is the cause of the termination
1 18	NO PARTNERSHIP	the obligations of their sureties are to the United States as well as to the Lessor
	No term of this agreement shall be so construed as to provide that a partnership exists between Lessor and Lessee the only relationship between the parties being that of Lessor and Lessee	1 20 STATUS OF SUBLEASES
1 18	TERMINATION OF FEDERAL TRUST	Termination of this Lease by cancellation or otherwise shall not serve to cancel approved subleases and/or subtenancies but shall operate as an assignment to Lessor without merger of the Lease and sublease or subtenancy of any and all such subleases and/or subtenancies
	Nothing contained in this Lease shall operate to delay or prevent a termination of Federal Trust responsibilities with respect to the land by the issuance of a fee patent or otherwise during the term of this Lease however such termination shall not serve to abrogate the Lease The owners of the land and Lessee and their surety or sureties shall be notified of any such change in the status of the land	1 21 INSPECTION
1 19	OBLIGATIONS OF LESSEE	The Secretary and Lessor and their authorized representatives shall have the right at any reasonable time during the term of this Lease to enter upon the leased premises or any part thereof to inspect the same and all buildings and other improvements erected and placed thereon for purposes including but not limited to conditions affecting the health safety and welfare of those entering the premises the protection of the leased premises any improvements thereto or any adjoining property or uses or compliance with applicable environmental health or safety laws and regulations No showing of probable cause shall be required for such entry and inspection If testing for environmental contamination reveals environmental contamination in violation of applicable law Lessee shall pay the costs of
	While the leased premises are in trust or restricted status all of Lessee's obligations under this Lease and	

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	such testing. Nothing in this paragraph shall limit Lessee's obligation under applicable law or this Lease to perform testing or remediation or otherwise limit Lessee's liability.		and become a part of this Lease. Violation of such laws by the Lessee shall constitute a breach of this Lease and provide grounds for suspension or termination of the Lease or any other remedy prescribed by the NPEA and NNBPL.
1 22	HOLDING OVER Holding over by the Lessee after the termination of this Lease shall not constitute a renewal or extension thereof or give the Lessee any rights hereunder in or to the leased premises. Lessee agrees to pay as hold over rental a daily rental computed at the rate of double the daily rental charged during the year immediately preceding termination of the Lease from the day following the termination date of the Lease until the Lessee vacates the premises.	1 26	MINERALS All minerals including sand and gravel contained in or on the lease premises are reserved for the use of Lessor. Lessor also reserves the right to enter upon the leased premises and search for and remove minerals located thereon paying just compensation for any damage or injury caused to Lessee's personal property or improvements constructed by Lessee.
1 23	LEASE REQUIREMENTS NOT EXCLUSIVE Nothing in this Lease shall be construed to relieve Lessee of any obligations pursuant to any Federal or Navajo Nation law for the protection of the environment or the public health, safety or general welfare which is currently enacted or which may be enacted at a later date.	1 27	SUCCESSORS AND ASSIGNS The terms and conditions contained herein shall extend to and be binding upon the successors heirs assigns executors employees and agents including all contractors and subcontractors of Lessee. Except as the context otherwise requires the term Lessee as used in this Lease shall be deemed to include all such successors heirs assigns executors administrators employees and agents.
1 24	DELIVERY OF PREMISES A At the termination of this Lease Lessee will peaceably and without legal process deliver up the possession of the leased premises in good condition usual wear and tear excepted. B Upon the written request of the Navajo Nation Lessee shall provide to the Navajo Nation at Lessee's sole cost and expense an environmental audit assessment of the leased premises at least sixty (60) days prior to delivery of said premises.	1 28	INTEREST OF MEMBER OF CONGRESS No member of or delegate to Congress or Resident Commissioner shall be admitted to any share or part of this Lease or to any benefit that may arise herefrom but this provision shall not be construed to extend to this Lease if made with a corporation or company for its general benefit.
1 25	NAVAJO PREFERENCE In connection with all employment and contracting opportunities arising out of Lessee's activities under this Lease Lessee shall give preference in employment and contracting to Navajo individuals and certified contractors in compliance with the Navajo Preference in Employment Act 15 N.N.C. §§ 601 et seq. (NPEA) and the Navajo Nation Business Preference Law 5 N.N.C. §§ 201 et seq. (NNBPL). The terms and provisions of the NPEA and NNBPL are specifically incorporated in	1 29	USE OF NAVAJO PRODUCED GOODS AND SERVICES Lessee agrees to make all purchases of materials equipment goods services and transportation from Navajo-owned businesses whenever such purchase is economically feasible as required by Navajo law.
1 31	GOVERNING LAW AND CHOICE OF FORUM Except as may be prohibited by federal applicable law the laws of the Navajo Nation shall govern the construction performance and enforcement of this Lease. Any action or proceeding brought by Lessee against the Navajo Nation in connection with or arising out of the terms and conditions of this Lease shall be brought only in the Courts of the Navajo Nation and no action or proceeding shall be brought by Lessee against the Navajo Nation in any court or administrative body of any state.	1 30	AGREEMENT TO ABIDE BY NAVAJO AND FEDERAL LAWS The Lessee and the Lessee's employees agents and sublessees and their employees and agents agree to abide by all laws regulations and ordinances of the Navajo Nation and all applicable laws regulations and ordinances of the United States now in force and effect or as may be hereafter in force and effect. Lessee hereby covenants and agrees never to contest or challenge the legislative executive or judicial jurisdiction of the Navajo Nation on the basis that such jurisdiction is inconsistent with the status of the Navajo Nation as an Indian nation or that the Navajo Nation government is not a government of general jurisdiction or that the Navajo Nation government does not possess full police power (i.e. the power to legislate and regulate for the general health and welfare) over all lands persons and activities within its territorial boundaries or on any other basis not generally applicable to similar challenges to the jurisdiction of a state government. Nothing in this Section shall be construed to negate or impair federal responsibilities with respect to the Leased Premises or to the Navajo Nation.
1 32	CONSENT TO JURISDICTION Lessee hereby consents to the legislative executive and judicial jurisdiction of the Navajo Nation in connection with all activities conducted by the Lessee within the Navajo Nation.	1 34	NO WAIVER OF SOVEREIGN IMMUNITY Nothing in this Lease shall be interpreted as constituting a waiver express or implied of the sovereign immunity of the Navajo Nation.
1 33	COVENANT NOT TO CONTEST JURISDICTION		

1 35 SAVINGS CLAUSE

It is agreed that if any provision of this Lease shall be determined to be void then such determination shall not affect any other provision of this Lease and all such other provisions shall remain in full force and effect and it is the intention of the parties hereto that if any provision of this Lease is capable of two constructions one of which would render the provision void and the other of which would render the provisions valid then the provision shall have the meaning which renders it valid

1 36 QUALIFICATIONS OF BUSINESS

In the event Lessee hereunder shall be a corporation the persons executing this Lease on behalf of Lessee hereby covenant and warrant that Lessee is a duly qualified corporation and all steps have been taken prior to the date hereof to qualify the Lessee to do business in the Navajo Nation all franchise and corporate taxes have been paid to date and all future forms reports fees and other documents necessary to comply with applicable laws will be filed when due

1 37 COMPLIANCE WITH 25 CFR 141

Lessee its sublessees and assignees and other successors in interest shall be subject to compliance with the provisions of the Code of Federal Regulations Title 25 Part 141 which prescribe rules for the regulation of reservation business for the protection of Indian consumers on the Navajo Reservation as required by 25 U S C §§ 261 264

1 38 NO ORAL AGREEMENTS

It is understood that there are no oral agreements between the parties hereto affecting this Lease and this Lease supersedes and cancels any and all previous negotiations arrangements brochures agreements and understandings if any between the parties hereto or displayed by Lessor to Lessee with respect to the subject matter hereof and none thereof shall be used to interpret or construe this Lease

1 39 VALIDITY

This Lease and any modification of or amendment to this Lease shall not be valid or binding upon either party hereto until approved by the Secretary

2 0 SPECIAL TERMS AND CONDITIONS FOR NAVAJO NATION
BUSINESS SITE LEASES WITH UNDERGROUND STORAGE TANKS

2 1 DEFINITIONS

A "CERCLA" means the Comprehensive Environmental Response Compensation and Liability Act of 1980 42 U S C 9601 et seq

B RCRA means the Resource Conservation and Recovery Act 42 U S C 6901 et seq

C Regulated Substance is as defined at 42 U S C 6991(2) which is any substance defined in section 101(4) of the Comprehensive Environmental Response Compensation and Liability Act of 1990 (42 U S C 9601(14)) (but not including any substances regulated as a hazardous waste under subtitle C of the Resource Conservation and Recovery Act (42 U S C 6921 et seq) and petroleum)

D "Storage Tank" is any tank which is defined by either of the following subsections

A Lessee shall not cause or permit any hazardous substance (as defined by RCRA 42 U S C §§ 6901 et seq, CERCLA 42 U S C §§ 9601 et seq, or other federal laws and regulations) to be used stored generated or disposed of on or in the premises without first obtaining written consent of the Navajo Nation Environmental Protection Agency If hazardous or regulated substances (as defined above) are used stored generated or disposed of on or in the premises or if the premises become contaminated in any manner for which Lessee or a Sublessee is legally liable Lessee shall indemnify and hold harmless the Lessor and the United States from any and all claims damages fines judgments penalties costs liabilities or losses (including without limitation a decrease in value of the premises damages due to loss or restriction of rentable or usable space or any damages due to adverse impact on marketing of the space and any and all sums paid for settlement of claims attorneys fees consultant and expert fees) arising during or after the Lease term and arising as a result of such contamination by Lessee This indemnification includes without limitation any

(1) An underground storage tank as defined at 42 U S C 6991 (1) or any storage tank regardless of the percentage of such tank which is located above or below ground which is not excluded under 42 U S C 6991 (1) and which is used for the storage of regulated substances or

(2) Any above ground storage tank as defined in the proposed Navajo Nation Above Ground Storage Tank Act or underground storage tank as defined in the proposed Navajo Nation Underground Storage Tank Act upon passage of each respective proposed Act

2 2 HAZARDOUS AND REGULATED SUBSTANCES

and all costs incurred due to any investigation of the site or any cleanup removal or restoration mandated by the federal government or Navajo Nation Without limitation of the foregoing if Lessee causes or permits the presence of any hazardous or regulated substance on the premises and such results in any contamination of the leased premises including but not limited to the improvements soil surface water or groundwater Lessee shall promptly at its sole expense take any and all necessary actions to return the premises to the condition existing prior to the contamination presence by any such hazardous or regulated substance on the premises Lessee shall first obtain Lessor approval for any such remedial action

B Lessee shall provide the Navajo Environmental Protection Agency and the Risk Management Department of the Navajo Nation with a clear and legible copy of all notices or reports concerning storage tank installation testing leakage or remediation at the premises subject to this Lease which

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Lessee is required by applicable law or regulation to provide to the United States Environmental Protection Agency or which Lessee otherwise provides to the United States Environmental Protection Agency Service of documents as required by this Lease upon the Navajo Environmental Protection Agency shall be by first class mail to

UST AST Program
Navajo Environmental Protection Agency
Post Office Box 339
Window Rock Navajo Nation (Arizona) 86515

and

Risk Management Department
Navajo Environmental Protection Agency
Post Office Box 1690
Window Rock Navajo Nation (Arizona) 86515

or their respective institutional successors

2.3 FINANCIAL RESPONSIBILITY FOR STORAGE TANKS

If Lessee or Sublessee installs or operates storage tanks on the leased property the Lessee or Sublessee shall post a bond obtain insurance or provide such other evidence of financial responsibility that meets all the requirements of 40 C.F.R. Part 280 Subpart H regardless of whether the storage tank in question is an aboveground or underground storage tank Lessee shall provide proof of this bond insurance or other qualifying financial responsibility mechanism to the Risk Management Department of the Navajo Nation contemporaneous with Lessee's submission of proof of other bonds or insurance to the Bureau of Indian Affairs. This bond or insurance shall remain in effect for the term of the base lease or sublease and any renewals thereof and shall not be released or terminated until such time as the Risk Management Department of the Navajo Nation certifies that the facility is in compliance with all applicable law and regulations or that the tanks have been removed and the site has been remediated or that the base lease or sublease has been transferred and the new operator has provided proof of an adequate bond insurance or otherwise satisfied the 40 C.F.R. Part 280 Subpart H financial responsibility requirements. It shall be the responsibility of the Lessee and the Sublessee to provide the Risk Management Department of the Navajo Nation with all proof required for release of bond or termination of insurance coverage.

2.4 ENVIRONMENTAL AUDITS AND COMPLIANCE DOCUMENTS

This sum is in addition to any other rental obligations of Lessee. This sum shall be used to pay for a Phase Two environmental audit to be performed during the last year of the Lease and any other environmental audit(s) during the term of the Lease which Lessor determines based on probable cause to be reasonably necessary to ascertain whether environmental contamination by regulated substances has occurred. The Risk Management Department of the Navajo Nation shall determine whether an audit shall be performed.

If Lessor determines an environmental audit should be performed at the leased premises prior to the Lessee's deposit of the entire \$15,000 deposit and the amount deposited is insufficient to pay for the environmental

A

Entry Audit. If storage tanks are located at the Lease site the Lessee will supply the Navajo Nation Environmental Protection Agency the Division of Economic Development and the Risk Management Department of the Navajo Nation with a complete copy of the report and underlying data generated in preparation of a Phase Two environmental audit before Lessee places any regulated substance in the storage tanks or releases any regulated substances from the storage tanks but no later than ninety (90) days after the Lease is approved by the Secretary. Lessee shall notify the Navajo Nation Environmental Protection Agency and Risk Management Department at the addresses provided in Section 20 and shall notify the Division of Economic Development at the Regional Business Development Office responsible for supervision of the leased premises.

The Lessee shall notify the Risk Management Department of the Navajo Nation or any institutional successor of the firm chosen to perform the Phase Two Environmental audit prior to the performance of such audit. Lessor may accept or decline the choice of environmental auditor within twenty (20) days of written notice by Lessee. If Lessor does not respond within twenty days of the Lessee's written notice the environmental auditor is deemed accepted. If however the most recent prior Lessee of the premises of the Navajo Nation has performed a Phase Two environmental audit on the premises at or after the termination of the prior tenancy Lessee is not required to perform a Phase Two environmental audit if Lessee agrees to be conclusively legally bound by the findings of the above referenced Phase Two environmental audit.

B

Environmental Audit(s). Lessee shall pay to the Navajo Nation the amount of \$15,000 which will be held by the Navajo Nation during the term of the Lease. One year after Lessee's rental obligation commences Lessee shall pay \$5,000 toward payment of the \$15,000 and shall pay \$5,000 at the end of second and third years of Lessee's rent payment obligation.

audit and the environmental audit determines regulated substances are unlawfully present Lessee shall upon written demand by Lessor promptly deposit with Lessor an amount sufficient to pay for the environmental audit or to bring Lessee's deposit to \$15,000 whichever is less. If Lessor performs an environmental audit pursuant to this article during the term of the Lease which finds regulated substances unlawfully present and which is financed by all or part of the above referenced sum Lessee shall at the end of the year in which the audit is completed deposit funds with the Navajo Nation sufficient to reestablish the amount deposited prior to the audit and to reimburse the Navajo Nation for any amount the Navajo Nation spent on the

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environmental audit in excess of the \$15 000 deposit

The deposit shall be kept in an interest bearing account by the Division of Finance on behalf of the Lessee to meet the expenses of the obligations stated above. At the termination of the Lease and upon completion of all environmental audits removal and remediation to be performed on the premises the Navajo Nation shall return any of the money deposited to the Lessee

which was not spent to conduct environmental audits of the leased premises or to remediate or remove regulated substances which were released on the leased premises

Nothing stated herein shall be construed to limit Lessee's liability for costs associated with investigation or remediation of regulated substances located on the leased premises including Lessee's liability for litigation costs and attorneys fees

3.0 SPECIAL TERMS AND CONDITIONS FOR NAVAJO NATION BUSINESS SITE LEASES WITHIN THE NAVAJO NATION SHOPPING CENTERS

3.1 FIXTURES AND PERSONAL PROPERTY

Any trade fixtures, signs, and other personal property of Lessee not permanently affixed to the premises shall remain the property of Lessee and Lessor agrees that Lessee shall have the right provided that Lessee be not in default under the terms of this Lease at any time and from time to time to remove any and all of its trade fixtures, signs, and other personal property which it may have stored or installed in the premises including but not limited to counters, shelving, showcases, mirrors, and other movable personal property. Nothing contained in this Article shall be deemed or construed to permit or allow the Lessee to move such personal property without the immediate replacement thereof with similar personal property or better quality as to render the premises unsuitable for conducting the type of business specified in this Lease. Lessee at its expense shall immediately repair any damage occasioned to the premises by reason of the removal of any such trade fixtures, signs, and other personal property and upon the last day of the Lease Term or a date of earlier termination of this Lease shall leave the premises in a neat and clean condition free of debris.

All improvements to the premises by Lessee including but not limited to light fixtures, floor coverings, and partitions but excluding trade fixtures and signs shall be considered as improvements and shall become the property of Lessor upon expiration or earlier termination of this Lease unless Lessor by written notice given prior to the date of expiration or upon the date of earlier termination of this Lease shall require Lessee to remove such improvements in which case Lessee shall repair any damage caused to the premises by such removal so as to return the premises to its original condition ordinary wear and tear excepted.

Lessee shall pay before delinquency all taxes, assessments, license fees, and public charges levied, assessed, or imposed upon its business operation as well as upon its trade fixtures, leasehold improvements,

A0 Lessor shall keep and maintain in good and leasable condition the roof, exterior walls, structural parts of the premises, the fire protection system, structural floor, and pipes and conduits outside the premises for the furnishings to the premises of various utilities (except to the extent that the same are the obligations of the appropriate public utility company) provided however that Lessor shall not be required to make repairs necessitated by reason of the negligence of Lessee or anyone claiming under Lessee or by reason of the failure of Lessee to perform or observe any conditions or agreements in this Lease contained or caused by alterations, additions, or improvements made

(including but not limited to those which Lessee is required to make in accordance with the provisions of this Lease) merchandise and other personal property in on or upon the premises. In the event any such items of property are assessed within property of the Lessor then and in such event such assessment shall be equitably divided between Lessor and Lessee to the end that Lessee shall pay only its equitable proportion of such assessments. Lessor shall determine the basis of prorating of any such assessments and such determination shall be binding upon both Lessor and Lessee.

3.2 REPAIRS AND MAINTENANCE

Lessee agrees at all times and at its own cost and expense to repair, replace, and maintain in good condition the premises and every part thereof except that portion of the premises to be maintained by Lessor as hereinafter provided and including without limitation the utility meters, pipes, and conduits, all fixtures, the store fronts, all Lessee's signs, locks, and closing devices, and all window sash cases or frames, door and door frames, floor coverings including carpeting, terrazzo, and other special flooring, and all such items or repair, maintenance, alteration, and improvement or reconstruction as may at any time or from time to time be required by any governmental agency having jurisdiction thereof. All glass, both exterior and interior, is at the sole risk of Lessee and any glass broken shall be promptly replaced by Lessee with glass of the same kind, size, and quality.

On default of Lessee in making such repairs, replacements, or maintenance work and upon reasonable written notice to Lessee not less than 30 days, Lessor may but shall not be required to make such repairs, replacements, and other such work for Lessee's account and the expense thereof shall constitute and be collectible as additional rent.

by Lessee or anyone claiming under Lessee. Anything to the contrary notwithstanding contained in this Lease, Lessor shall not in any way be liable to Lessee for failure to make repairs as herein specifically required unless the Lessee has previously notified Lessor in writing of the need of such repairs and Lessor has failed to commence and complete said repairs within a reasonable period of time following receipt of the Lessee's written notification.

As used in this Section, the expression "exterior walls" shall not be deemed to include store fronts, plate glass window cases, or window frames, door or door

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frames security grills or similar enclosures. It is understood and agreed that Lessor shall be under no obligation to make any repairs, alterations, renewals, replacements or improvements to and upon the premises of property installed or kept thereon by Lessee.

80 Lessee agrees to permit Lessor, the Secretary and officials of the United States Public Health Service and any of their authorized representatives to enter the premises at all times during usual business hours for the purpose of inspecting the same. Lessee further covenants and agrees that Lessor may go upon the premises and make any necessary repairs to the premises and perform any work thereon (i) which may be necessary to comply with any laws, ordinances, rules or regulations of any public authority or terms of any insurance policy or policies or (ii) that Lessor may deem necessary to prevent waste or deterioration in connection with the premises if Lessee does not make or cause such repairs to be made or performed or cause such work to be performed promptly after receipt of written demand from Lessor or (iii) that Lessor may deem necessary to perform construction work incidental to any portion of the Shopping Center adjacent to above or below the premises. Nothing herein contained shall imply any duty on the part of Lessor to do any such work which under any provisions of this Lease, Lessee may be required to do, nor shall it constitute a waiver of Lessee's default in failing to do the same. No exercise by Lessor of any rights herein reserved shall entitle Lessee to any damage for any injury or inconvenience occasioned thereby nor to any abatement of rent.

3.3 LESSEE'S RIGHT TO MAKE ALTERATIONS

Lessor agrees that Lessee may, at its own expense and after giving Lessor notice in writing of its intention to do so from time to time during the term hereof, make alterations, additions and changes in and to the interior of the premises (except those of a structural nature) as it may find necessary or convenient for its purposes, provided that the value of the premises is not thereby diminished and provided, however, that no alterations, additions or changes costing in excess of those allowed under the terms of the lease may be made without first procuring the approval in writing of Lessor. In addition, no alterations, additions or changes shall be made to any store front, mechanical systems, the exterior walls or roof of the premises, nor shall Lessee erect any mezzanine or increase the size of same, if one be initially constructed, unless and until the written consent and approval of Lessor shall first have been obtained. In no event shall Lessee make or cause to be made any penetration through the roof of the premises without the prior written approval of Lessor. Lessee shall be directly responsible for any and all damages resulting from any violation of the provisions of this Article. All alterations, additions or changes to be made to the premises which require the approval of Lessor shall be under the supervision of a competent architect, competent licensed structural engineer or competent licensed and Lessee may not display or sell merchandise or allow carts, portable signs, devices or any other object to be stored or to remain outside the defined exterior walls or roof, permanent doorways of the premises or in hallways. No aerial or antenna shall be erected on the roof or exterior walls of the premises without first

bonded contractor and made in accordance with plans and specifications with respect thereto, approved in writing by Lessor before the commencement of work where such approval is required pursuant to the provisions of this Article. All work with respect to any alterations, additions and changes must be done in a good and workmanlike manner and diligently prosecuted to completion to the end that the premises shall at all times be a complete unit except during the period of work. Upon termination of Lessee's leasehold estate, such alterations, additions or changes shall be considered as improvements and shall not be removed by Lessee but shall become a part of the premises unless Lessor by written notice given prior to the date of expiration or upon the date of earlier termination of this lease shall require Lessee to remove such improvements in which case Lessee shall repair any damage caused to the premises by such removal so as to return the premises to its original condition, ordinary wear and tear excepted. Any such changes, alterations and improvements shall be performed and shall have the work performed in such a manner as not to obstruct the access to the premises or any other Lessee in the Shopping Center.

In the event that Lessee shall make any permitted alterations, additions or improvements to the premises under the terms and provisions of this Article, Lessee agrees to carry insurance covering any such alteration, addition or improvement, it being expressly understood and agreed that none of such alterations, additions or improvements shall be insured by Lessor under such insurance it may carry upon the building of which the premises are a part, nor shall Lessor be required under any provisions for reconstruction of the premises to reinstall any such alterations, improvements or additions.

3.4 POSSESSION AND USE

Possession of the premises shall be delivered to Lessee free and clear of all tenants and occupants and the rights of either. Lessee shall use the premises solely for the purposes and under the trade names specified in Article 9 hereof. Lessee shall not use or permit the premises to be used for any other purpose or purposes or under any other trade name whatsoever without the written consent of the Lessor and the Secretary. Lessee shall not, without the prior written consent of Lessor, sell merchandise from vending machines or allow any coin operated vending machines on the premises without the written consent of the Lessor. Lessee further covenants and agrees that it will not use or suffer or permit any person or persons to use the premises or any part thereof for conducting therein a secondhand store, auction, distress or fire sale or bankruptcy or going-out-of-business sale or for any use or purpose in violation of the laws of the United States of America or the laws, ordinances, regulations and requirements of the Navajo Nation and where applicable, the state, county and city wherein the Shopping Center is situated, or of other lawful authorities, and that during said term the premises and every part thereof shall be kept by the Lessee in a clean condition, free of any objectionable noises, odors or nuisances, and that all health, fire and police regulations shall in all respects and at all times be fully complied with by Lessee.

obtaining in each instance the written consent of Lessor. Any aerial or antenna so installed without such written consent shall be subject to removal without notice at any time. In addition, Lessee will not solicit in any manner in any of the automobile parking lots and common areas of the enclosed mall of the Shopping

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Center without having first obtained the written approval of Lessor

Lessor reserves the right to further regulate the activities of Lessee in regard to deliveries and servicing of the premises and Lessee agrees to abide by such further regulations of Lessor

3.5 LESSEE'S CONDUCT OF BUSINESS

Lessee covenants and agrees that continuously and uninterrupted from and after its initial opening for business it will operate and conduct the business for which it is permitted except while the premises are uninhabitable by reason of fire or other casualty or condemnation. Lessee agrees that it will keep the premises in neat, clean and orderly condition. Lessee agrees that all trash and rubbish of the said Lessee shall only be deposited within receptacles as provided by Lessor and that there shall be no other trash receptacles permitted to remain outside of the building. Lessor agrees to cause such receptacles to be emptied and trash removed at Lessee's cost and expense as set out in Article 11 hereof.

Lessee agrees that commencing with the opening for business by Lessee in the premises and for the remainder of the term of this Lease, Lessee shall remain open for business those hours and days which are regular and customary for such business. Lessee further agrees to have its window displays, exterior signs and exterior advertising displays adequately illuminated continuously during such hours. It is agreed, however, that the foregoing provision shall be subject to any governmental regulations or labor union contracts in its hours of operation so prescribed by such governmental regulations or labor union contracts as the case may be.

Lessee will not allow the premises to be used for any organized political or religious meetings or activity. Lessee shall at all times during the term hereof comply with all laws and regulations of the United States and the Navajo Nation applicable to Lessee's conduct of business on the premises.

Lessee shall employ its best efforts to operate the business conducted on the premises in a manner that will produce the maximum volume of gross sales. Lessee shall use only such space in the premises for office, clerical and other non-selling purposes as is reasonably required for Lessee's business on the premises.

If Lessee sells Franchise Products or Services and where it is so required by the Franchisor, Lessor agrees throughout the term of this Lease not to lease any other space in the Shopping Center to any Lessee whose primary business is the sale of the same Franchise Products or Services. Lessee must inform Lessor in writing and provide written documentation of this Franchise Requirement.

3.6 ADVERTISING MEDIA

Lessee shall not affix or maintain upon the glass panes and supports of the show windows (and within 24 inches of any window), doors and the exterior walls of the premises any signs, advertising placards, names, insignia, trademarks, descriptive material or any other such like item or items unless Lessee shall have first received the written approval of Lessor as to size, type, color, location, copy, nature and display qualities. Anything to the contrary of this Lease notwithstanding,

Lessee shall not affix any sign to the roof of the premises.

In addition, no advertising medium shall be utilized by Lessee which can be heard or experienced outside Lessee's premises including without limiting the generality of the foregoing, flash lights, searchlights, loudspeakers, phonographs, radios or televisions. Nor shall Lessee display, paint or place or cause to be displayed, painted or placed any handbills, bumper stickers or other advertising devices on any vehicle parked in the parking area of the Shopping Center, whether belonging to Lessee or to Lessee's agent or to any other person, nor shall Lessee distribute or cause to be distributed in the Shopping Center any handbills or other advertising devices without having first obtained the written approval of Lessor.

3.7 COMMON AREAS

The term "common areas" refers to all areas within the exterior boundaries of the Shopping Center which are now or hereafter made available for general use, convenience and benefit of Lessor and other persons entitled to occupy Floor Area in the Shopping Center including, but not limited to, automobile parking areas, parking structures, driveways, sidewalks, walkways and landscaped and planted areas.

Lessee and its employees, agents, patrons and invitees are, except as otherwise specifically provided in this Lease, authorized, empowered and privileged to use the common areas in common with other persons during the term of this Lease. The Lessor agrees, without cost or expense to Lessee, to construct or cause to be constructed such common areas generally as are necessary for the successful operation of the Shopping Center and to maintain and operate or cause to be maintained and operated (except as hereinafter provided with reference to cost of maintenance) said common areas at all times following completion thereof for the benefit and use of the customers and patrons of Lessee and other Lessees, owners and occupants of the Land constituting the Shopping Center of which the premises are a part.

Lessor shall keep or cause to be kept said common areas in a neat, clean and orderly condition, properly lighted and landscaped, and shall repair any damage to the facilities thereof, but all expense in connection with said common areas shall be charged to the Lessee and prorated in the manner hereinafter set forth. It is understood and agreed that the phrase "expenses in connection with said common areas" as used herein shall be construed to include, but not be limited to, all expenses in connection with said common areas for: (i) a management fee (not to exceed five percent (5%) of minimum annual and percentage rent collections); (ii) bookkeeping and accounting; (iii) legal services; (iv) all general maintenance and repairs, or painting, restriping, cleaning, sweeping and janitorial services, maintenance and repair of sidewalks, curbs and Shopping Center signs, maintenance and repair of sprinkler systems, planting and landscaping; (v) lighting and other utilities; (vi) directional signs and other markers and bumpers; (vii) personnel to implement such services including, if Lessor deems necessary, the cost of security guards; (viii) applicable real and personal property taxes and assessments on the improvements and land comprising said common areas; (ix) any governmental imposition or surcharge imposed upon Lessor or assessed against any portion of the common areas; (x) a security alarm system for the Lessees in the Shopping Center; (xi) depreciation on maintenance and operating machinery and equipment (if owned) and rental paid for such

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machinery and equipment (if rented) and (xii) adequate public liability and property damage insurance on the Shopping Center building and common areas. Lessor may cause any or all of said services to be provided by any independent contractor or contractors. Anything to the contrary contained hereinabove notwithstanding, all Should Lessor add to or make available additional common areas not originally contemplated as part of the Shopping Center, then said expenses in connection with maintenance of said common areas shall also include all of the aforementioned expenses incurred and paid in connection with said additional common areas.

Lessor shall at all times have the right and privilege of determining the nature and extent of the common areas and of making such changes therein and thereto which in its opinion are deemed to be desirable and for the best interest of all persons using said common areas including but not limited to the location and relocation of driveways, entrances, exits, automobile parking spaces, the direction and flow of traffic and all other facilities thereof. Nothing contained herein shall be deemed to create any liability upon Lessor or the Secretary for any damage to motor vehicles of customers or employees or for loss of property within such motor vehicles.

Lessor shall also have the right to establish, change, alter and amend, and to enforce against Lessee and the other users of said common areas such reasonable rules and regulations (including the exclusion of employee's parking therefrom) as may be deemed necessary or advisable for the proper and efficient operation and maintenance of said common areas. The rules and regulations herein provided may include without limitation, the hours during which the common areas shall be open for use. Lessor may establish a system or systems of validation or other type of operation including a system of charges against nonvalidated parking checks of users and the Lessee agrees to conform to and abide by all such rules and regulations in its use and the use of its customers and patrons with respect to the automobile parking areas of the common areas provided however that all such rules and regulations and such types of operation or validation of parking checks and other matters affecting the customers and patrons of Lessee shall apply equally and without discrimination to all parties entitled to the use of said automobile parking facilities.

Lessor reserves the right to utilize portions of the common areas for carnival type shows and entertainment, outdoor shows, displays, product shows, advertising purposes, community activities and other uses which in Lessor's reasonable judgment serve the interest of the Shopping Center or provide a community service to the Navajo community. The above shall not include any prolonged activity which directly competes with or interferes with Lessee's business or any portion of Lessee's business.

Lessor shall at all times during the term of this Lease have the sole and exclusive control of the common areas and may at anytime during the term exclude and restrain any person from use or occupancy thereof excepting however bona fide customers, patrons and service suppliers of Lessee and other Lessees of Lessor who make use of said areas in accordance with the rules and regulations established by Lessor from time to time with respect thereto. In addition to the rights of Lessee hereunder in and to the areas in this Article referred to, it shall at all times be the duty of Lessee to keep all of said areas free and clear of any obstructions created or permitted by Lessee or resulting from Lessee's operation and to permit the use of any said areas only for normal parking and ingress and

expenses in connection with the original construction and installments of the common areas shall be at the sole cost and expense of Lessor of the Shopping Center and shall not in any event be charged to Lessee.

egress by the said customers, patrons, employees and agents.

If in the opinion of Lessor, unauthorized persons are using any of said areas by reason of the presence of Lessee in the premises, Lessee, upon demand of Lessor, shall enforce Lessor's rights against all such unauthorized persons by appropriate proceedings. Nothing herein shall affect the rights of Lessor at any time to remove any such unauthorized persons from said areas or to restrain the use of any said areas by unauthorized persons.

It is understood that the employees of Lessee and the other Lessees of Lessor within the Shopping Center and the employees of other businesses within the Shopping Center shall not be permitted to park their automobile in the automobile parking areas of the common areas which may be designated for patrons of the Shopping Center. Lessor agrees to furnish and/or cause to be furnished either within the Shopping Center parking area or reasonably close thereto, space for employee parking. Lessor at all times shall have the right to designate the particular parking area to be used by any or all of such employees and any such designation may be changed. Lessee and its employees shall park their cars only in those portions of the common areas if any designated by Lessor.

Lessee's share of common area expenses shall be equal to Lessee's proportionate percentage. The term "Lessee's proportionate percentage" as used through this Lease shall be equal to a fraction the numerator of which is the Floor Area of the premises and the denominator of which shall be the Floor Area of all the areas available for exclusive use and occupancy by the Lessees of the Shopping Center.

The term "Floor Area" as used throughout this Lease shall be deemed to mean and include all areas for the exclusive use and occupancy by the Lessees of the Shopping Center measured for each Lessee from the exterior surface of exterior walls (and from the extensions hereof in the case of openings) and from the center of interior partitions including mezzanines, warehousing or storage areas, clerical or office areas, employee areas and restrooms.

Within thirty (30) days following the end of each calendar quarter or at Lessor's option, each calendar year, Lessor shall furnish Lessee a statement covering the calendar quarter or year just expired, certified as correct by a certified public accountant or an authorized representative of the Lessor, showing the total of such common area expenses, the amount of Lessee's share of such common area expense for such calendar quarter or year and the payments made by Lessee with respect to such period as set forth in (i) through (xii) of this Article. If Lessee's share of such common area expenses exceed Lessee's payments made, Lessee shall pay Lessor the deficiency within ten (10) days after receipt of such statement. If said payments exceed Lessee's share of such common area expenses, Lessee shall be entitled to offset the excess against payments next thereafter to become due Lessor.

Failure of Lessee to pay any of the charges required to be paid under this Article 11 shall constitute a default.

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	under the terms hereof in like manner as failure to pay rental when due		In the event the premises be damaged by fire or other perils covered by Lessor fire and extended coverage insurance Lessor shall
3 8	SPECIAL INSURANCE REQUIREMENT FOR SHOPPING CENTERS Certificates of insurance shall be addressed as follows Navajo Nation Shopping Centers P O Box 478 Window Rock Arizona 86515		A Within a period of one hundred and eighty (180) days thereafter commence repairs reconstruction and restoration of said premises and prosecute the same diligently to completion in which event this Lease shall continue in full force and effect or
3 9	SPECIAL RECONSTRUCTION PROVISION FOR SHOPPING CENTERS B In the event of a partial or total destruction of the premises only during the last three (3) years of the term hereof Lessor and Lessee shall each have the option to terminate this Lease upon giving written notice to the other of exercise thereof within thirty (30) days after such destruction For the purposes of this paragraph partial destruction shall be a destruction of an extent of at least thirty three and one third percent (33 1/3 %) of the then full replacement cost of the premises as of the date of destruction All insurance proceeds in the case of reconstruction shall be held in trust and applied to the payment of such reconstruction as such reconstruction progresses C In the event the premises shall be damaged as a result of any flood earthquake act of war nuclear reaction nuclear radiation or radioactive contamination or from any other casualty not covered by Lessor's Fire and Extended Coverage Insurance to any extent whatsoever the Lessor may within one hundred and eighty (180) days following the date of such damage commence repair reconstruction or restoration of said premises and prosecute the same diligently to completion in which event this Lease shall continue in full force and effect or within said period elect not to so repair reconstruct or restore said premises in which event this Lease shall cease and terminate In either such event Lessor shall give the Lessee written notice of its intention within said period D In the event of any reconstruction of the premises under this Article said reconstruction shall be in strict conformity with the provisions of this Lease set forth as "Description of Lessors Work" and "Description of Lessee's Work" Notwithstanding that all reconstruction work shall be performed by Lessor's contractor unless Lessor shall otherwise agree in writing Lessors obligation to reconstruct the premises shall be only to the extent of the work as described in Description of Lessors Work Lessee at its sole cost and expense shall be responsible for the repairs and restorations of all items set forth in Description of Lessee's Work and the replacement of its stock in trade trade fixtures furniture furnishings and equipment Lessee shall commence such installation of fixtures equipment and merchandise promptly upon delivery to it of possession of the premises and shall		diligently prosecute such installation to completion E Upon any termination of this Lease under any of the provisions of this Article the parties shall be released thereby without further obligations to the other party coincident with the surrender of possession of the premises to the Lessor except for items which have theretofore accrued and be then unpaid In the event of termination all proceeds from Lessors Fire and Extended Coverage Insurance covering items set forth in Description of Lessor's Work and Lessor's premises shall go to Lessor F All items of rent must abate for any period of time that Lessee is prevented from operating in the Premises due to such damage and destruction
3 10		SIGNS Subject to specific requirements for each shopping center included as an attachment to each shopping center lease and incorporated therein as a material term Lessee shall at its own cost and expense install a suitable identification sign of such size design and character as Lessor shall first approve in writing at a place or places designated by Lessor Lessee shall maintain any such sign or other installation in good condition and repair Other than such permitted signs Lessee shall not place or install or suffer to be placed or installed or maintain any sign upon or outside the Premises or in the Shopping Center Lessee shall not place or install or suffer to be placed or installed on the exterior of the Premises any awning canopy banner flag pennant aenal antenna or the like nor shall Lessee place or maintain on the glass of any window or door of the Premises any sign decoration lettering advertising matter shade or blind or other thing of any kind Lessor shall have the right without liability and with or without notice to Lessee to remove any signs installed by Lessee in violation of this Paragraph and to charge Lessee for the cost of such removal and/or any repairs necessitated thereby	
3 11		ADDITIONAL NOTICE REQUIREMENT FOR SHOPPING CENTERS In addition to all other Notice requirements in the Lease Notices relating to Navajo Nation Shopping Centers shall be sent to General Manager Navajo Nation Shopping Centers P O Box 478 Window Rock (Navajo Nation) Arizona 86515	
3 12		LESSOR'S RESERVATIONS AND RIGHTS	

Lessor reserves the absolute right to effect such other tenancies in the Shopping Center as Lessor in the exercise of its sole business judgment shall determine to best promote the interests of the Shopping Center subject to the terms of this Lease. Lessee does not rely on the fact nor does Lessor represent that any specific Lessee or number of Lessees shall during the term of this Lease occupy any space in the Shopping Center. This Lease is and shall be considered to be the only

agreement between the parties hereto and their representatives and agents. All negotiations and oral agreements acceptable to both parties have been merged into and are included herein. There are no other representations and warranties between the parties and all reliance with respect to representations is solely upon the representations and agreements contained in this document.

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RDCAU-80-17

EXHIBIT

“(C)”

NN Assignment Form No.1

tabb1e1

“C”

RDCAU-80-17

LEASE NO. CH-02-124

**NOTICE OF INTENT TO TRANSFER POSSESSORY INTEREST
HELD UNDER NAVAJO NATION BUSINESS SITE LEASE**

To the Resource and Development Committee of the Navajo Nation Council and Regional Director, Navajo Nation.

Gentlemen:

Part II, Section A(1)

Notice is hereby given, pursuant to ~~Paragraph 14~~ of the below described Business Site Lease, of intention to transfer the Lessee's possessory rights thereunder.

1. Name of present Lessee as it appears on Lease: Equus-Canyon De Chelly, LLC, an Arizona Limited Liability Company
2. Date of Lease: April 9, 2002
3. Name and address of person to whom it is intended to transfer possessory interest:
Pro Hospitality Three Chinle, LLC, an Arizona limited liability company
7502 E. Pinnacle Peak Road, Suite B116
Scottsdale, Arizona 85255
4. An exact copy of the Agreement by which this transfer is proposed to be accomplished is attached.
5. The complete consideration for the proposed transfer is stated in the attached agreement.
YES XX NO _____ If answer is NO; attach a separate sheet stating the consideration.
6. The undersigned's present Business Site Lease is attached hereto. It is understood and agreed that if the proposed transfer of possessory interest is approved, this Lease will be canceled and a new Lease for the same term as this Lease was originally issued will be issued in its place. If the transfer is disapproved the present Lease will be returned to the Lessee named therein.

I certify, subject to the penalties provided by 17 N.T.C., Subchapter 29, that all information supplied with this application, including the representations made in all accompanying documents is true, complete, and correct.

Date

Equus-Canyon De Chelly, LLC

Name of present Lessee

By: _____

Stephanie Kim Barnett

Title - President/CEO

Attachment: Business Site Lease
Survey
Purchase Agreement

**ASSIGNMENT OF BUSINESS SITE LEASE
NAVAJO NATION**

KNOWN ALL MEN BY THESE PRESENTS, that I/WE, the Assignor(s) named below, in consideration of \$ 8,300,000.00 to us in hand paid by the Assignee below, hereby assign to the said Assignee that the certain Navajo Nation Business Site Lease described below TO HAVE AND TO HOLD the same unto the Assignee from and after the date of approval of this Assignment by the President of the Navajo Nation for the unexpired portion of the term mentioned in said Lease, together with all the rights therein granted. It is understood and agreed that this assignment shall be null and void if disapproved by the President of the Navajo Nation.

Dated this ____ day of _____, 2017

Equus-Canyon De Chelly, LLC

Signature(s) of Assignor(s)

Stephanie Kim Barnett, President/CEO

NOTE: IF ASSIGNOR IS MARRIED, BOTH HUSBAND AND WIFE SHOULD SIGN.

STATE OF _____)

:ss

COUNTY OF _____)

This instrument was acknowledged before me this ____ day of _____, 20____ by _____

In witness hereof I have hereunto set my hand and official seal.

MY COMMISSION EXPIRES: _____

Notary Public

ASSUMPTION OF LEASE

I/We, the Assignee(s) named below, for and in consideration of the approval of the above Assignment by the Navajo Nation, Lessor, acting by and through its duly authorized agents, hereby assume and agree to pay and be bound by all the rents, covenants, terms and conditions of that certain Navajo Nation Business Site Lease described below, to the same extent as if I/We were the Lessee originally named therein. I/We understand and agree that this assumption shall be null and void if the above Assignment is disapproved by the President of the Navajo Nation, but otherwise shall be full force and effect and irrevocable by me

Dated this ____ day of _____, 2017

Pro Hospitality Three Chinle, LLC

Signature(s) of Assignee(s)

Alexandre Rizk, Executive Vice President

STATE OF _____)

:ss

COUNTY OF _____)

This instrument was acknowledged before me this ____ day of _____, 20____ by _____

In witness hereof I have hereunto set my hand and official seal.

MY COMMISSION EXPIRES: _____

Notary Public

ALL PARTIES SIGNING ABOVE SHOULD ACKNOWLEDGE THEIR SIGNATURES BEFORE A NOTARY PUBLIC

NN Assignment Form No. 2

Name of Assignor(s): Equus-Canyon De Chelly, LLC, an Arizona Limited Liability Company
Address of Assignor(s): ATTN: Kim Barnett, 28150 N. Alma School Pkwy, Ste 103, PMB425
Scottsdale, Arizona 85262

Name of Assignee(s): Pro Hospitality Three Chinle, LLC, an Arizona Limited Liability Company
Address of Assignee(s): 7502 E. Pinnacle Peak Road, Suite B116, Scottsdale, Arizona 85255

Date of Lease being assigned: _____

DESCRIPTION OF PREMISES

A certain Tract of land situate within the Southwest Quarter (SW ¼) of Section 20, Township 32 North, Range 26 East, Gila and Salt River Meridian, in the unincorporated community of Chinle, Apache County, Arizona, more particularly described as follows:

Commencing at the Brass Cap, the Southwesterly Corner of Section 20; thence run N53°18'46"E-1,476.81 feet to the Northwest corner of the herein described tract and the Point of Beginning, being a point on the South R.O.W. line of Navajo Route 7 Highway; thence along said R.O.W. line S78°41'36"E- 450.00 feet to the Northeast corner; thence S04°00'39" E – 414.73 feet to the Southeast corner; thence N78°41'36" W – 350.00 feet to the Southwest corner; thence N16°20'36" W – 451.57 feet to the Point of Beginning, containing 3.67 acres more or less.

The above Assignment and Assumption are hereby approved.

NAVAJO NATION, LESSOR

By: _____
President, Navajo Nation

Date: _____

Date: _____
Approved Pursuant to Secretarial Redelelegation Order
209 DM 8, Secretary's Order Nos. 3150 and
3177, and 10 BIAM Bulletin 13, as amended.

By: _____
Regional Director, Navajo Region
BUREAU OF INDIAN AFFAIRS

EXHIBIT
RDCAU-80-17 "D" RDCAU-80-17

PURCHASE AND SALE AGREEMENT
AND
ESCROW INSTRUCTIONS

BUYER: PRO HOSPITALITY GROUP LLC, an Arizona limited liability company, or Assignee

SELLER: EQUUS-CANYON DE CHELLY, LLC, an Arizona limited liability company

ESCROW
AGENT: Patti Graham
Vice President
Fidelity National Title CS Maricopa, AZ
60 E. Rio Salado Parkway, 11th Floor
Tempe, AZ 85281
(W) (480) 214-4554
(F) (480) 214-1754
pgraham@fnf.com

ESCROW
NUMBER: _____

DATE: _____

RECITALS

A. Seller is the:

1. owner of all of the issued and outstanding stock (the "Stock") of Canyon De Chelly Motel, Inc., an Arizona corporation (the "Corporation"); and
2. holder of the lessee's interest (the "Leasehold Interest") in certain real property located at 100 Main Street, Chinle, Apache County, Arizona 86503 and legally described on Exhibit "A" (the "Real Property") under that certain Navajo Nation Economic Development Lease with an effective date of April 9, 2002 in which The Navajo Nation is the lessor, and pursuant to which Seller allows Corporation to operate (a) a hotel known as the Best Western Canyon De Chelly Inn, (b) a restaurant known as the Junction Restaurant, and (c) a Pizza Hut Express (collectively, the "Businesses").

B. Buyer wishes to acquire from Seller, and Seller is willing to sell to Buyer, the Stock and the Leasehold Interest on the terms and conditions set forth herein.

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AGREEMENTS

In consideration of the mutual promises and covenants set forth in this agreement (the "Agreement"), the parties agree as follows:

1. Incorporation of Recitals. The Recitals are true and correct and are incorporated herein as agreements.

2. Assets To Be Transferred; Excluded Items. Only the Stock and the Leasehold Interest (jointly, the "Property") are to be transferred pursuant to this Agreement. The parties acknowledge and agree that, prior to Closing (defined below), Corporation will transfer the following items such that they will not be owned by Corporation at Closing: all cash and accounts receivables. Buyer acknowledges and agrees that: (a) at Closing, Seller will have several bank accounts at Wells Fargo Bank, N.A. in the name of Corporation or one or more of the Businesses that will still have balances and that will continue to have activity after Closing as obligations are paid and accounts receivable are received; and (b) the funds in such accounts constitute cash and accounts receivable that will not be transferred pursuant to this Agreement.

3. Representations and Warranties of Seller regarding Leasehold Interest and Corporation's Ownership of Various Property used in the Businesses. Seller represents and warrants to Buyer that:

3.1 The Leasehold Interest covers 3.67 acres more or less, and includes the permanent improvements thereon, any easements appurtenant thereto, and all fixtures thereon.

3.2 Corporation owns all property used in the Businesses including, without limitation, the following:

a. other than as described on Schedule 3.2(a), all furniture, furnishings, equipment, machinery, building systems, vehicles, appliances, computer hardware, artwork, security systems, key cards (together with all devices for coding such key cards), and other items of tangible personal property used in the operation of the Businesses or such items ordered in the ordinary course of business for future use at the Businesses;

b. all china, glassware and silverware; linens; uniforms; engineering, maintenance, cleaning, and housekeeping supplies; matches and ashtrays; soap and other toiletries; menus and other printed materials; and all other similar materials and supplies used in the operation of the Businesses or such items ordered in the ordinary course of business for use at the Businesses;

c. all merchandise located at the Businesses including, without limitation, at any gift shop, pro shop, or newsstand owned by Corporation, and held for sale to guests and customers of the Businesses or such items ordered in the ordinary course of business for future sale at the Businesses;

d. all leases for any equipment, machinery, vehicles, furniture or other personal property located at the Businesses and used in the operation of the Businesses, together with all deposits made thereunder;

- e. all leases or other contracts for billboards, Yellow Pages and other current advertising for the Businesses, together with all deposits made thereunder;
- f. all maintenance, service, and supply contracts including, without limitation, all contracts and agreements used in connection with the operation of the Businesses, together with all deposits made thereunder, and any design and architect fees on deposit related to future work on the Real Property or the hotel;
- g. all licenses, permits, consents, authorizations, approvals, registrations, and certificates of any governmental authority used in connection with the construction, ownership, occupancy, or operation of the Businesses;
- h. all of the following used in connection with the operation of the Businesses: (i) warranties and guaranties, (ii) computer software (including, but not limited to, any such software used in connection with Businesses' central reservation system), (iii) telephone numbers, and (iv) licensee rights to all trade names, trademarks, and service marks;
- i. all electronic and paper copies of all books and records related to the Businesses in Corporation's possession including, without limitation, all architectural, mechanical, electrical, and structural plans for the Businesses, all financial records for the Businesses, all maintenance records for the Businesses, and all customer lists (including, but not limited to, both historical and future guest booking information); and
- j. all bookings and reservations for guest, conference, and meeting rooms or other facilities at the Businesses, together with all deposits with respect thereto.

4. Escrow. An escrow for this transaction shall be established with Fidelity National Title of Arizona (Patti Graham - Escrow Agent) and Escrow Agent is hereby employed to handle the escrow. This Agreement shall constitute joint escrow instructions by Buyer and Seller to Escrow Agent. Escrow Agent shall cause the title insurer to execute and deliver a closing protection letter to Buyer and Seller upon the opening of escrow. Except as otherwise provided herein, escrow fees shall be prorated equally between Buyer and Seller. Seller shall purchase for Buyer a standard owner's ALTA Policy of Title Insurance (leasehold only) equal to the purchase price.

5. Opening of Escrow; Closing Deadline. Escrow shall be deemed opened when a fully executed copy of this Agreement and the Earnest Money Deposit (defined below) have been delivered to Escrow Agent. Escrow Agent shall advise Buyer and Seller in writing of the date when escrow is opened (the "Opening Date"), shall indicate the Opening Date and the escrow number on the first page of this Agreement, shall sign and date this Agreement on page 16, and shall provide Buyer and Seller with a fully executed copy of this Agreement. Closing shall take place at the office of Escrow Agent on or before ninety (90) days after the Opening Date (the "Closing Deadline" or "Close of Escrow"). At or prior to Closing, each party shall execute and deliver such documents and perform such acts as are provided for herein, or as are necessary to consummate the sale contemplated hereunder. All monies and documents required to be delivered hereunder shall be deposited in escrow no later than 5:00 P.M. MST on the business day prior to the Close of Escrow.

6. Purchase Price. The purchase price to be paid by Buyer for the Property shall be EIGHT MILLION, THREE HUNDRED THOUSAND AND NO/100 DOLLARS (\$8,300,000.00 USD) (the "Purchase Price") payable as follows:

\$30,000.00 USD Earnest Money Deposit evidenced by cash or certified funds to be delivered by Buyer to Escrow Agent on the Opening Date. This deposit is to be applied to the Purchase Price at Closing.

\$8,270,000.00 USD Cash or other certified funds to be delivered by Buyer to Escrow Agent on or before the business day prior to Closing.

7. Earnest Money. The Earnest Money Deposit shall be deposited into a federally insured interest bearing account as directed by Seller but at the sole expense of Buyer. If escrow closes, the Earnest Money Deposit and any interest thereon shall be paid to Seller and the amount thereof credited against the Purchase Price. If the Earnest Money Deposit is forfeited to Seller upon Buyer's default as provided by this Agreement, said deposit and any accrued interest shall be immediately paid to Seller. If Buyer is entitled to a return of the Earnest Money Deposit for any reason, any accrued interest shall be paid to Buyer.

8. Condition of Title; Reports. As soon as is reasonably possible after the Opening Date, Seller shall cause Escrow Agent to deliver to Buyer a current preliminary title report regarding the Real Property in anticipation of the issuance of an ALTA Extended Title Insurance Policy (leasehold only) in the amount of the purchase price insuring Buyer's interest in the Real Property, together with readable copies of all instruments of record referred to therein (the "Title Report"). At Closing, Escrow Agent shall cause the title insurer to issue a title policy (leasehold only) based on the Title Report (including any updates made to said report). Buyer shall have ten (10) calendar days after the receipt of the Title Report to object in writing to any matter shown therein. Upon receipt of Buyer's objection notice, if any, Seller shall have ten (10) calendar days to cure those objections set forth in Buyer's objection notice which relate to Seller's current leasehold interest; Buyer acknowledges and agrees that Seller has no control over the lessor's interest in the Real Property and that Buyer has no right to object to any encumbrance on title that effects only the lessor's interest in the Real Property. In the event Seller fails to cure any matter timely objected to by Buyer, then Buyer may elect to either (a) waive the matters objected to by written notice to Seller and close escrow subject to such matters, or (b) terminate this Agreement by notice to Seller, whereupon escrow shall terminate and the Earnest Money Deposit together with all interest shall be immediately returned to Buyer, and neither party shall have any further obligations or liability to the other in connection with this Agreement. If any amended Title Reports are issued prior to Closing which indicate any material change to Seller's Leasehold Interest in the Real Property or the title thereto, the foregoing procedures for objection and notice shall again apply; however, Buyer shall only have five (5) calendar days within which to review and approve or object to any amended Title Report and, at Buyer's election, to either waive the new matters and close escrow or to terminate escrow. If Buyer fails to object within the time frames set forth in this Section, the Title Report shall be deemed approved by Buyer.

9. Title Insurance. At Close of Escrow and at Seller's sole cost, Escrow Agent shall cause the title insurer to furnish Buyer with a standard coverage leasehold policy in the amount of the

Purchase Price insuring that the Leasehold Interest in the Real Property is held by Buyer subject only to those exceptions approved by Buyer pursuant to Section 8 above. Buyer shall be responsible for any endorsements to the title insurance policy and, if Buyer elects to obtain extended ALTA title insurance coverage, Buyer shall bear the additional cost of such coverage.

10. Buyer's Due Diligence/Investigation Period. Buyer shall have sixty (60) calendar days from and after the Opening Date within which to conduct any and all studies and to investigate to Buyer's satisfaction the feasibility and suitability of the Property for Buyer's intended use ("Buyer's Due Diligence/Investigation Period"). If, in its sole and absolute discretion, the results of any of Buyer's studies are not acceptable or are unsatisfactory to Buyer, and Buyer so notifies Seller and Escrow Agent in writing on or before the end of Buyer's Due Diligence/Investigation Period, this Agreement shall be cancelled and the Earnest Money Deposit together with any interest earned thereon shall be returned immediately to Buyer and neither Seller nor Buyer shall have any further liability or obligation under this Agreement other than those obligations which expressly survive Closing or the earlier termination of this Agreement. In the event Buyer does not timely cancel this Agreement and escrow in accordance with this Section, then Buyer shall be deemed to have approved the feasibility and suitability of the Property, and the Earnest Money Deposit together with any interest earned thereon shall be non-refundable to Buyer except as provided in Section 11 below. Buyer agrees to indemnify and hold Seller harmless from any liability or damage suffered or threatened arising out of or connected with any investigations, studies, tests or reviews conducted by or at the request of Buyer, other than those related to any undisclosed hidden defects actually known to Seller; this indemnity shall survive Closing or any earlier termination of this Agreement.

11. Buyer's Conditions to Close. The obligation of Buyer to close escrow is contingent upon and subject to the satisfaction of the following conditions:

- a. Buyer to Secure New Loan. Buyer agrees to file a substantially complete loan application within ten (10) calendar days from and after the Opening Date and to promptly supply all documentation required by the lender. Buyer agrees to pay all fees as required by the lender and to authorize the lender to provide loan status updates to Seller and Escrow Agent. If, prior to the end of Buyer's Due Diligence/Investigation Period, Buyer shall notify Seller and Escrow Agent in writing that Buyer has not obtained said financing, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Earnest Money Deposit plus any interest earned thereon, less only Escrow Agent's cancellation fees and costs which Buyer shall pay. If Buyer shall fail to so notify Seller and Escrow Agent in writing within Buyer's Due Diligence/Investigation Period, it shall be conclusively presumed that Buyer has either obtained financing or has waived this financing contingency in which case the Earnest Money Deposit together with any interest earned thereon shall be non-refundable to Buyer and released to Seller by Escrow Agent upon Seller's written request therefor.
- b. Buyer to Secure New Best Western Membership. Buyer agrees to file a substantially complete membership application with Best Western International Inc. ("Best Western") within ten (10) calendar days from and after the Opening Date and to promptly supply all documentation required by Best Western.

Buyer agrees to pay all fees (including but not limited to product improvement plan fees, membership fees, computer software fees, etc.) as required by Best Western and to authorize Best Western to provide membership status updates to Seller and Escrow Agent. If, prior to the end of Buyer's Due Diligence/Investigation Period, Buyer shall notify Seller and Escrow Agent in writing that Buyer has not obtained said new membership or, in Buyer's sole discretion, an approved assignment of Corporation's current agreement with Best Western, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Earnest Money Deposit plus any interest earned thereon, less only Escrow Agent's cancellation fees and costs which Buyer shall pay. If Buyer shall fail to so notify Seller and Escrow Agent in writing within Buyer's Due Diligence/Investigation Period, it shall be conclusively presumed that Buyer has either (i) obtained said new membership or agreed to assume (and obtained Best Western's approval of such assumption) Corporation's existing agreement with Best Western, or (ii) has waived this new membership contingency, in which case the Earnest Money Deposit together with any interest earned thereon shall be non-refundable to Buyer and released to Seller by Escrow Agent upon Seller's written request therefor.

- c. Buyer to Secure New Pizza Hut Express Franchise. Buyer agrees to file a substantially complete franchise application with Pizza Hut Inc. ("Franchisor") within ten (10) calendar days from and after the Opening Date and to promptly supply all documentation required by Franchisor. Buyer agrees to pay all fees (including but not limited to product improvement plan fees, franchise fees, computer software fees, etc.) as required by Franchisor and to authorize Franchisor to provide franchise status updates to Seller and Escrow Agent. If, prior to the end of Buyer's Due Diligence/Investigation Period, Buyer shall notify Seller and Escrow Agent in writing that Buyer has not obtained said new franchise or, in Buyer's sole discretion, an approved assignment of Corporation's current agreement with Franchisor, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Earnest Money Deposit plus any interest earned thereon, less only Escrow Agent's cancellation fees and costs which Buyer shall pay. If Buyer shall fail to so notify Seller and Escrow Agent in writing within Buyer's Due Diligence/Investigation Period, it shall be conclusively presumed that Buyer has either (i) obtained a new franchise or agreed to assume (and obtained Franchisor's approval of such assumption) Corporation's existing agreement with Franchisor, or (ii) has waived this new franchise contingency, in which case the Earnest Money Deposit together with any interest earned thereon shall be non-refundable to Buyer and released to Seller by Escrow Agent upon Seller's written request therefor.
- d. Buyer to Secure New Ground Lease. Buyer agrees to initiate negotiation with the Navajo Nation ("Landlord") within five (5) calendar days from and after providing Seller a written loan approval from its lender for the financing necessary to close this transaction, and to promptly supply all documentation required by Landlord. Buyer agrees to not contact Landlord until such commitment has been shared with Seller.

 . Buyer initials

Buyer agrees to pay all fees as required by Landlord. Buyer's intention is to negotiate with Landlord for an assumption of the existing lease ("Lease Transfer") with a minimum term of 49 years ("Lease Extension"). Landlord shall be authorized to provide Lease Transfer and Lease Extension status updates to Seller and Escrow Agent. If, not less than two days prior to Closing, Buyer shall notify Seller and Escrow Agent in writing that Buyer has not obtained said Lease Transfer and Lease Extension or, in Buyer's sole discretion, a different lease agreement with Landlord, this Agreement shall be terminated, and Buyer shall be entitled to the prompt return of the Earnest Money Deposit plus any interest earned thereon, less only Escrow Agent's cancellation fees and costs which Buyer shall pay. If Buyer shall fail to so notify Seller and Escrow Agent by such deadline, it shall be conclusively presumed that Buyer has either obtained an acceptable agreement with Landlord or has waived this new lease contingency, in which case the Earnest Money Deposit together with any interest earned thereon shall be non-refundable to Buyer and released to Seller by Escrow Agent upon Seller's written request therefor.

12. Pre-Closing Covenants.

12.1 Of Seller. Between the Opening Date and Closing, and except as might be consented to by Buyer in writing, which consent shall not be unreasonably withheld, conditioned or delayed, Seller shall:

- a. Cause the Businesses to be run in the ordinary course of business, consistent with past practices;
- b. Cause the Corporation to pay its obligations when due;
- c. Cause the Corporation to maintain its assets in the same condition as of the date hereof, ordinary wear and tear excepted;
- d. Cause the Corporation to maintain its current insurance policies;
- e. Cause the Corporation to maintain its books and records in accordance with past practices;
- f. Provide Buyer with access to the Property and to Corporation's books and records;
- g. Notify Buyer of any event that could reasonably be expected to have a material adverse effect on the Stock, the Corporation or the Businesses, or that could reasonably be expected to result in any of Seller's representations or warranties made herein be not true or correct; and
- h. Deliver to escrow the resignation of Stephanie Kim Barnett as an officer and/or director of Corporation.

12.2 Of Buyer. Between the Opening Date and Closing, and except as might be consented to by Seller in writing, which consent shall not be unreasonably withheld, conditioned or delayed, Buyer shall:

- a. Not interfere with the conduct of the Businesses while conducting its due diligence;
- b. Notify Seller of any event that could reasonably be expected to have a material adverse effect on Buyer's ability to close the transaction envisioned hereby, or that could reasonably be expected to result in any of Buyer's representations or warranties made herein be not true or correct; and
- c. Cooperate with Seller to eliminate any existing personal guarantees of any of Corporation's contracts and, should Buyer obtain a new membership agreement, a new franchise and/or a new lease as envisioned in Sections 11(b), 11(c) and 11(d), cooperate with Seller to achieve the termination of the existing membership agreement, franchise and/or lease.

13. Close of Escrow. If this Agreement is not earlier terminated, close of escrow (the "Closing") shall occur on or before the Closing Deadline. Closing shall be completed upon transfer of the Leasehold Interest (unless Buyer negotiates a replacement lease as envisioned in Section 11(d) above) and the Stock, each free and clear of all encumbrances, and with the certificate representing the Stock being endorsed in blank or at the direction of Buyer, all in exchange for the Purchase Price.

14. Possession; Public Announcements. Possession of the Property shall be delivered to Buyer at Closing. Neither party to this Agreement shall make any public announcements regarding the transactions envisioned hereby or otherwise communicate with any news media without the prior written consent of the other party, which consent shall not be unreasonably withheld, conditioned or delayed, and the parties shall cooperate as to the timing and content of any such announcement.

15. Post-Closing Covenants.

15.1 Of Seller. Subsequent to Closing, and except as might be consented to by Buyer in writing, which consent shall not be unreasonably withheld, conditioned or delayed, Seller shall:

- a. Timely file Corporation's 2016 tax returns and provide Buyer with copies thereof;
- b. Cooperate with Buyer, at no cost to Seller and only upon Buyer's request, with notifications to employees, vendors and the like regarding the change in ownership of Corporation; and
- c. Cooperate with Buyer to prepare a reconciliation of all 2017 bills and revenues for each of the Businesses to be finalized within 90 calendar days of closing.

15.2 Of Buyer. Subsequent to Closing, and except as might be consented to by Seller in writing, which consent shall not be unreasonably withheld, conditioned or delayed, Buyer shall:

- a. Promptly file an amendment to Corporation's Articles of Incorporation with the Arizona Corporation Commission showing the newly elected directors, officers and greater than 20% shareholders of Corporation (none of which shall be Seller or Stephanie Kim Barnett);
- b. Cooperate with Seller to prepare a reconciliation of all 2017 bills and revenues for each of the Businesses to be finalized within 90 calendar days of closing.
- c. Timely file Corporation's 2017 tax returns and provide Seller with copies thereof and any required or necessary 1099s or other tax documents necessary for Seller to file its 2017 tax returns;
- d. For a period of at least four (4) years after Closing unless a longer period is required by law, maintain Corporation's books and records, including personnel files, relating to the period prior to Closing in a manner reasonably consistent with prior practices; and
- e. Provide Seller access to Corporation's books and records as necessary to allow Seller to complete its post-closing obligations.

16. Non-Foreign Affidavit. Seller is a United States of America citizen or entity, which is not subject to the withholding requirements of Section 1445 of the Internal Revenue Code of 1964 as amended. At Closing, and if required by Escrow Agent, Seller shall provide Buyer with the "Non-Foreign Affidavit" as provided for in Section 1455 of the Internal Revenue Code.

17. Seller's Representations, Warranties, and Additional Covenants. As used in this Agreement, the phrase "to the best of Seller's knowledge" or similar language shall mean only the actual personal knowledge of Stephanie Kim Barnett. Seller hereby represents, warrants, and covenants to and with Buyer that, to the best of Seller's knowledge:

- a. Seller is an Arizona limited liability company, duly organized, validly existing and in good standing under the laws of the State of Arizona; it has all requisite power and authority to carry on its business as now and where operating and to lease the Real Property.
- b. Corporation is an Arizona corporation, duly organized, validly existing and in good standing under the laws of the State of Arizona; it has all requisite power and authority to carry on the Businesses as now and where being conducted and to own all personal property belonging to it.
- c. Corporation has no subsidiaries and has no equity ownership in any other entity.
- d. There are no claims, actions, suits, or other proceedings pending, to the best knowledge of Seller, by any governmental department or agency or any other corporation, partnership, entity or person whomsoever or, to the best knowledge of Seller, any violations of any law, statute or government regulation or requirement, that in any material manner or to any material extent may adversely affect Buyer's right,

title, and interest in and to the Leasehold Interest or the Stock, or Seller's ability to perform Seller's obligations hereunder.

e. There exist no agreements of sale, leases (other than Seller's lease of the Real Property from the Navajo Nation), occupancy agreements (other than the letting of individual hotel rooms), rights of first refusal, options to purchase, or similar documents in any manner pertaining to the Property.

f. Seller has full power and authority to enter into and perform this Agreement in accordance with its terms.

g. Seller has no knowledge of any notice of violations of city, county, state, or federal building, zoning, fire, environmental, or health laws, codes, statutes, ordinances, regulations, or rules filed or issued against the Property. If Seller receives any notice of violations from any government agency prior to Closing, Seller shall immediately notify Buyer in writing. Buyer will then be allowed five (5) calendar days after receipt of such notice to provide written notice to Seller of any items disapproved.

h. Seller has relied solely upon its own legal or other counsel as to all matters of law relating to this Agreement and the transaction contemplated hereby or affecting its rights and liabilities hereunder.

i. The individual executing this Agreement on behalf of Seller is authorized to do so and, upon her executing this Agreement, it shall be binding and enforceable upon Seller in accordance with its terms and provisions.

j. Seller shall not cause any new liability, encumbrance or obligation to be placed or imposed upon all or any part of the Property from the Opening Date until the Close of Escrow.

k. The Businesses have been operated in compliance with all applicable local, state and federal laws and regulations. Corporation has all franchises, licenses, permits, operating authorizations, and other agreements and approvals from governmental authorities and utilities, and all material easements, rights-of-way and other agreements necessary to own and operate the Businesses lawfully and in the manner in which they are now operated; and none thereof is invalid, not in effect nor in default.

The foregoing representations, warranties, covenants and agreements together with all other representations, warranties, covenants and agreements of Seller in this Agreement to the best of Seller's knowledge are true as of the date of execution by Seller of this Agreement and shall survive Closing for a period not to exceed 12 months from Closing.

18. Buyer's Representations, Warranties, and Additional Covenants. Buyer hereby represents, warrants, and covenants to and with Seller that, to the best of Buyer's knowledge:

a. Buyer is an Arizona limited liability company, duly organized, validly existing and in good standing under the laws of the State of Arizona; it has all requisite power and authority to carry on its business as now and where operating.

- b. Buyer has full power and authority to enter into and perform this Agreement in accordance with its terms.
- c. The persons executing this Agreement and all collateral or related instruments on behalf of Buyer are duly authorized to act for and on behalf of and to bind Buyer.
- d. The execution and delivery of this Agreement by Buyer has been duly and validly authorized and approved by all necessary action of Buyer. This Agreement is a valid and binding obligation of Buyer, enforceable against it in accordance with its terms. Buyer has obtained all consents and approvals of every person or entity necessary for the execution and delivery of this Agreement.
- e. Buyer is purchasing the Property solely in reliance on Buyer's own investigation and inspection of the Property and that, except as to the specific representations and warranties from Seller in Sections 3 and 17 herein, no representations, claims or warranties of any kind whatsoever, express or implied, concerning the Property have been made by Seller or any party acting on behalf of Seller. Buyer further acknowledges that Buyer has been given an opportunity to inspect the Property and that, prior to the end of Buyer's Due Diligence/Investigation Period, Buyer will have inspected the Property to the extent that Buyer deems appropriate including, without limitation, inspection of Corporation's books and records, and regarding the physical condition of the Property, surveys, building plans, zoning regulations, laws, ordinances and other governmental requirements and compliance with building codes, and financial and operating records of the Property. Except as to the specific representations and warranties from Seller in Sections 3 and 17: (i) Buyer agrees to bear the risk of all matters referred to in this Section 18 and any adverse consequence or condition with respect to any such matters; and (ii) Buyer is purchasing the Property "AS IS" and "WHERE IS" with any and all faults and defects.
- f. Buyer acknowledges that Seller has certain requirements under the Best Western property improvement plan ("PIP") and that certain of such requirements are due to be completed by May 2017 and others by May 2018. While some of the May 2017 PIP requirements have been completed by Seller, all have not. Buyer (i) agrees that it will assume the responsibility for completing all of Seller's PIP requirements that have not been completed prior to March 1, 2017 and (ii) acknowledges that it may, at its discretion, request an extension of the May 2017 deadline from Best Western (in which request Seller will cooperate).
- g. Buyer waives, and releases Seller from all private rights of action under federal, state, local, and common law, including the Comprehensive Environmental Response Compensation and Liability Act which Buyer may have against Seller arising out of the future presence of hazardous waste on the Property or arising out of the physical condition, zoning, use valuation, intended use, or other condition of the Property following Close of Escrow. Buyer further assumes the risk of all changes in applicable laws and regulations relating to the future conditions of the Property following Close of Escrow.

h. Buyer has relied solely on its own legal or other counsel as to all matters of law relating to this Agreement and the transactions contemplated hereby or affecting its rights and liabilities hereunder.

The foregoing representations, warranties, covenants and agreements, together with all other representations, warranties, covenants and agreements of Buyer in this Agreement to the best of Buyer's knowledge are true as of the date of execution by Buyer of this Agreement and shall survive Closing for a period not to exceed 12 months from Closing.

19. Notices. Notices shall be in writing and shall be given by personal delivery or by deposit in the United States mail, certified mail, return receipt requested, postage prepaid, or by electronic transmission, addressed to Seller, Buyer, or Escrow Agent as applicable, at the addresses set forth below, or at such other address as the party may designate in writing.

SELLER:	EQUUS CANYON DE CHELLY, LLC Stephanie Kim Barnett 28150 N. Alma School Rd, #103-425 Scottsdale, AZ 85262-8044 Tel: (602) 714-7278 aspenskb@cox.net	Alan Hoffman C.P.A., P.C. 3030 E Cactus Rd Ste 101 Phoenix, AZ 85032-7197 Tel: (480) 585-3551 alan@ahcpapc.com
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BUYER:	PRO HOSPITALITY GROUP LLC Alexandre Rizk 5401 E. Everett Dr. Scottsdale, AZ 85254 Tel: (480) 338-1045 Alex@chandlerhotelgroup.com
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ESCROW AGENT:	FIDELITY NATIONAL TITLE OF ARIZONA Patti Graham- Vice President/ Escrow Officer 60 E. Rio Salado Parkway, 11th Floor Tempe, AZ 85281 Tel: (480) 214-4554 Fax: (480) 214-1754 pgraham@fnf.com
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Notice shall be deemed to have been given on the date on which the notice is delivered, if notice is given by personal delivery, or three (3) business days following deposit in the mail, if notice is sent through the United States mail, or upon transmission, if sent electronically with proof of delivery. A copy of any notice given to a party shall also be given to Escrow Agent.

20. Condemnation. If, prior to Closing, Seller obtains knowledge that any legal action has or is about to be initiated by any governmental authority for the taking of any part of the Leasehold Interest under the power of eminent domain, Seller shall promptly so notify Buyer in writing, and Buyer may in its discretion either cancel this Agreement or proceed to close the transaction. Should Buyer elect to close the transaction, the Property (including any portion of the Leasehold Interest which is to be taken under the power of eminent domain) shall be sold, assigned, conveyed, transferred and delivered to Buyer, together with Seller's assignment to

Buyer of all of Seller's rights arising by reason of such legal action including, but not limited to, all rights to any award, compensation or other proceeds payable by reason of such action.

21. Costs and Fees. If any legal or other proceeding is instituted in any way related to this Agreement or the transaction envisioned hereby, the party prevailing in any such proceeding shall be paid all of its costs, expenses and fees (including reasonable attorney's fees) by the other party and, if any judgment is secured by such prevailing party, all such reasonable costs, expenses and fees shall be included in any such judgment, attorney's fees to be set by the court and not by a jury.

22. Risk of Loss. All risk of loss or damage to the Property until Closing shall be borne by Seller and, subsequent to Closing, the risk of loss or damage to the Property shall be borne by Buyer.

23. Prorations at Closing. All revenues and receivables of the Businesses shall be prorated as of Closing with Businesses revenues and receivables arising prior to Closing (including, but not limited to, those arising from the letting of hotel guest rooms for the night immediately preceding Closing) belonging to Seller, and Buyer being entitled to such revenues and receivables thereafter. Any outstanding bills accrued prior to Closing shall be paid by Seller at Closing. Property taxes and assessments on the Property shall be prorated as of Closing. Utilities shall be read as close as possible to Closing and prorated as of Closing. Salaries, wages, service contracts, and other apportionable operating costs shall be prorated between Buyer and Seller as of Closing. There shall be no credit for assignable tax and utility company deposits, Buyer being entitled to all such deposits. No prorations shall be made for insurance premiums. Seller may apply for a refund of its insurance premiums and Buyer shall at its own expense provide new policies of insurance as it sees fit on the Property.

- a) Supplies shall be inventoried on the day of Closing to determine that there is a thirty (30) calendar days' inventory of room supplies. Seller will make up any shortage within five (5) business days.
- b) Food and beverage supplies shall be ordered as usual and inventoried on the day of Closing. Seller shall maintain food and beverage inventory based on historic levels consistent with and dependent on the month of Closing. Seller will make up any shortage within five (5) business days.
- c) Linen shall be inventoried on the day of Closing to determine that there is one and one-half (1½) turns of linens (bath and hand towels, bedsheets, pillow cases and wash clothes). Seller will make up any shortage within five (5) business days.
- d) Seller shall be responsible for all accounts payable, personal property, transient occupancy and payroll taxes as well as collection of accounts receivable accrued prior to Closing. Prepaid guest deposits shall be detailed and given to Buyer. If for any reason Seller receives money or payments in its merchant account for rooms rented post-closing, said money will be delivered to Buyer within 10 business days. All accounts receivable payments received by Buyer for rooms rented pre-closing shall be delivered to Seller within 10 business days.

24. Buyer's Remedies. In the event that Closing does not occur prior to the Closing Deadline due to the failure of Seller to comply with any of its obligations under this Agreement, Buyer shall give Seller written notice of such and, if the alleged default is not cured within five (5) business days of Seller's receipt of such notice, Buyer may terminate this Agreement and have the Earnest Money Deposit together with all interest earned thereon returned, and Seller shall be responsible for all of Escrow Agent's escrow fees and title costs or, in the alternative, Buyer may seek specific performance of this Agreement. Either of the foregoing remedies shall be Buyer's sole remedy in lieu of any other remedy at law or equity, and Buyer expressly waives any claim against Seller for damages.

25. Seller's Remedies. In the event that Closing does not occur prior to the Closing Deadline due to the failure of Buyer to comply with any of its obligations under this Agreement, Seller shall give Buyer written notice of such and, if the alleged default is not cured within five (5) business days of Buyer's receipt of such notice, Seller may terminate this Agreement and have the Earnest Money Deposit together with all interest earned thereon delivered to Seller, and Buyer shall be responsible for all of Escrow Agent's escrow fees, title costs, and other out of pocket expenses incurred in connection with escrow. Because damages for non-performance by Buyer would be difficult or impossible to ascertain, in the event of any termination, Seller shall retain the Earnest Money Deposit and all interest earned thereon as liquidated damages (not as a penalty).

26. Assignment. Buyer may nominate, assign and convey its rights and interest hereunder to another person, partnership, corporation, or other entity, and thereby substitute such party or parties as Buyer hereunder, without the consent of Seller.

27. Agency Disclosure. Seller hereby acknowledges that it has been informed that Buyer (or one of more of its principals) holds an Arizona real estate broker's license and may be receiving compensation, fees, or commissions relative to this transaction.

28. IRC Section 1031 Exchange. Buyer and/or Seller may wish to engage in a Section 1031 tax deferred exchange of like kind property. Therefore, each party herein agrees to cooperate with the other in said exchange, provided however that each party shall be responsible for their own individual costs associated with any such exchange

29. Miscellaneous Provisions.

a. *This is the entire agreement between the parties with respect to this transaction. There are no oral promises, conditions, representations, understandings, interpretations, or terms of any kind as conditions or inducements to the execution hereof or in effect between the parties.*

b. Time is of the essence with respect to the performance of all the terms, conditions and provisions of this Agreement.

c. If any provision hereof, or any portion of any provision hereof, shall be deemed to be invalid, illegal or unenforceable, such invalidity, illegality or unenforceability shall not alter the remaining portion of any provision, or any other provision hereof, as each

provision of this Agreement shall be deemed to be severable from all other provisions hereof.

d. The waiver by either party hereto of any right granted to it hereunder shall not be deemed to be a waiver of any other right granted herein, nor shall the same be deemed to be a continuation of any matter previously waived.

e. This Agreement is the result of negotiations between the parties and accordingly shall not be construed for or against either party regardless of which party drafted this Agreement or any portion thereof.

f. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona.

g. Each party agrees to execute, acknowledge and deliver, or cause to be executed, acknowledged and delivered, as may be requested by the other party, such further instruments and documents as may be necessary in order to carry out the terms and conditions of this Agreement, complete the sale contemplated herein and carry out the intent and purpose of this Agreement.

h. The warranties, representations and covenants contained herein shall survive Closing shall be continuing duties and obligations of the respective parties hereto for a period not to exceed 12 months from Closing.

i. The time for performance of any covenant or obligation or for the exercise of any right under this Agreement shall expire at 5:00 P.M. MST on the date specified in this Agreement for such performance or exercise; provided, however, should the specified date for any such performance or exercise fall on a Saturday, Sunday, or any legal holiday on which the U.S. Mail is not delivered, the specified time for performance shall expire at 5:00 P.M. MST on the next business day.

j. This Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, successors, and assigns.

k. This Agreement and any amendments may be executed in any number of counterparts, each of which shall constitute an original but all of which taken together, shall constitute but one and the same instrument. This Agreement may be executed and delivered by facsimile or electronic transmission of signature pages.

30. Waiver of Pest Control. Buyer is to conduct Buyer's own investigation with regard to possible infestation and/or infection by wood-destroying pests or organisms or dry rot and agrees to purchase the Property in its present condition. Buyer acknowledges that Buyer is not relying upon any representations or warranties made by Seller or Broker (defined below) regarding the presence or absence of such infestation, infection, or dry rot.

31. Indemnification of Broker. Seller agrees to indemnify and hold Broker harmless from any and all liability, damages, losses, causes of action, or other claims (including attorneys' fees and other defense costs) arising from or asserted in connection with any incomplete or

inaccurate information provided by Seller, or any material information concerning the Property known to but not disclosed by Seller.

32. SQUARE FOOTAGE RESPONSIBILITY. DURING BUYER'S DUE DILIGENCE/ INVESTIGATION PERIOD, BUYER IS TO CONDUCT ITS OWN INVESTIGATION AS TO ACTUAL GROSS AND NET SQUARE FOOTAGE/ ACREAGE OF BUILDING(S) AND LAND.

33. Brokerage Fees. Seller shall be solely responsible for the payment of a real estate commission to Chandler Hotel Group ("Broker") per separate agreement. Should escrow fail to close for any reason whatsoever, Broker shall not be entitled to a commission.

34. Acceptance. This Agreement shall become null and void if not executed by Buyer and Seller and delivered to Escrow Agent on or before 5:00 P.M., MST on December 13, 2016 with a fully executed copy delivered to Buyer and Seller.

THE PARTIES ARE ADVISED TO CONSULT THEIR RESPECTIVE ATTORNEYS WITH REGARD TO THE LEGAL EFFECT AND VALIDITY OF THIS PURCHASE AGREEMENT.

BUYER: PRO HOSPITALITY GROUP LLC,
an Arizona limited liability company

By: Alexandre Rizk
Its: Manager / Member

12-06-2016

Date:

SELLER: EQUUS-CANYON DE CHELLY, LLC
an Arizona limited liability company

By Equus, LLC, its manager

By: Stephanie Kim Barnett
Its: CEO

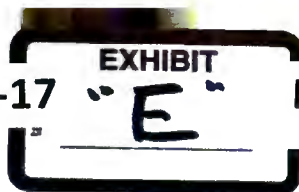
12-7-2016

Date:

ESCROW AGENT: FIDELITY NATIONAL TITLE OF ARIZONA

This Agreement is received, and Escrow is opened, this ___ day of _____, 2016. Escrow Agent agrees to comply with the terms of this Agreement.

By: _____
Its: _____



**OPERATING AGREEMENT
PRO HOSPITALITY THREE CHINLE LLC**

THIS OPERATING AGREEMENT of PRO HOSPITALITY THREE CHINLE LLC, an Arizona limited liability company (the "Company") is entered into as of January 31st, 2017 (the "Effective Date"), by Alexandre Rizk, as the member and manager (the "Manager") and Sarti Enterprises Delaware LLC member (the "Member") and Francois Massicotte member, together as the members (the "Members") of the Company. Capitalized terms used but not defined herein shall have the meanings set forth in Article XII hereof.

This Agreement sets forth the purposes, terms and conditions of the Company. In consideration of the promises and of the mutual covenants hereinafter set forth, the parties agree as follows:

**ARTICLE I
Formation**

1.1 Formation. The Members formed the Company pursuant to the Arizona Limited Liability Company Act, as amended (the "Act"), on November 15, 2016 by filing articles of organization with the Arizona Corporation Commission on that date. The Members hereby continues the Company in accordance with the terms and conditions of this Agreement.

1.2 Intent. It is the intent of the Members that, during such time (if any) as the Company has more than one member, the Company shall always be operated in a manner consistent with its treatment as a "partnership" for federal and state income tax purposes. It is also the intent of the Members that the Company not be operated or treated as a "partnership" for purposes of Section 303 of the Federal Bankruptcy Code. No Members or Manager shall take any action inconsistent with the express intent of the parties hereto as set forth herein.

**ARTICLE II
General Provisions**

2.1 Name. The name of the Company shall be "PRO HOSPITALITY THREE CHINLE LLC" or such other name as the Manager from time to time shall select.

2.2 Members' Ownership.

- (a) Alexandre Rizk: 50%
- (b) Sarti Enterprises LLC: 40%
- (C) Francois Massicotte: 10%

2.3 Principal Office and Place of Business. The Principal Office and place of business of the Company shall be located at 100 Main Street, Chinle, AZ 86503, or such other place as the Manager from time to time shall determine.

2.4 Company Purposes. The purpose and business of the Company shall be the ownership, management, operation and provision of services to that certain hotel property located at 100 Main Street, Chinle, AZ 86503 and commonly known as the "Best Western Canyon De Chelly Inn" (the "Property"), and carrying on of any business or activities relating thereto or arising therefrom.

2.5 Statutory Agent. The Statutory Agent for Service of Process for the Company shall be Alexandre Rizk, or such other person as the Manager shall appoint from time to time.

2.6 Term. The term of the Company commenced on the date the articles of organization were filed on behalf of the Company with the Arizona Corporation Commission and shall continue until the Company is dissolved in accordance with this Agreement.

ARTICLE III Capital Contributions

3.1 Initial Capital Contributions by Members. The Members will contribute a minimum of One Thousand and no/100 Dollars (\$1,000.00) as an initial Capital Contribution to the Company.

3.2 Additional Capital Contributions. Additional Capital Contributions shall be required and made at the discretion of the Members.

3.3 Members Loans. If funds are needed by the Company, the Members may make loans to the Company in such amount as the Members and Manager reasonably determine is needed by the Company. All Members loans shall be evidenced by a promissory note executed by the Company and shall contain such terms and conditions as are commercially reasonable or as may be agreed to by the Members and the Manager.

ARTICLE IV Distributions

4.1 Amount and Time of Distributions. The available cash flow of the Company shall consist of all cash received by the Company from any source less the portion thereof used to pay (or establish reserves for) Company expenses and fess, principal and interest payments on Company debt (including Members loans), capital improvements and contingencies, all as determined by the Manager ("Available Cash Flow"). Distributions of Available Cash Flow shall be made from time to time to the Members in the discretion of the Manager. This said, Sarti Enterprises Delaware LLC shall receive a preferred return of \$17,356.67 per month before any distributions are made to the Members. The remaining Available Cash Flow will be shared 40% Sarti Enterprises Delaware LLC, 50% Alexandre Rizk and 10% Francois Massicotte.

4.2 Return of Capital. The Members may be entitled to the return of, or interest on, the Members' Capital Contributions except as provided herein.

ARTICLE V

Profits and Losses

5.1 General Profit and Loss Allocations. The Profit or Loss for each Fiscal Year shall be allocated to the Members.

ARTICLE VI

The Management

6.1 Management. The management of the Company shall be retained by the Manager. The Manager may resign at any time by giving notice to the Members. The Manager may be removed with or without cause by the Members at any time by written notice given to the Manager. Upon a vacancy in the Manager position, the Members may appoint a replacement Manager in its sole discretion.

6.2 Rights and Powers of the Manager.

(a) **Rights of the Manager.** The Manager shall have full, exclusive and complete power to manage and control the business and affairs of the Company and shall have all of the rights and powers provided to a manager of a manager-managed limited liability company by law, including the power and authority to execute instruments and documents, to authorize a third party to execute instruments and documents on behalf of the Company to mortgage or dispose of any real property held in the name of the Company, and to take any other actions on behalf of the Company, whether or not such actions are for carrying on the business of the Company in its usual way. The Manager shall not be obligated to seek approval from the Members for actions it takes on behalf of the Company except as required by the Act or other applicable law or as otherwise set forth in this Agreement.

(b) **Reliance by Third Parties.** A third party shall be entitled to rely on all actions of the Manager as actions of the Company. Every instrument purporting to be the action of the Company and executed by the Manager or by a party authorized to execute instruments and documents on behalf of the Company shall be conclusive evidence in favor of any Person relying thereon or claiming thereunder that, at the time of delivery thereof, this Agreement was in full force and effect and that the execution and delivery of that instrument is duly authorized by such Manager, the Members and the Company.

6.3 Filing of Documents. The Manager shall file or cause to be filed all certificates or documents as may be necessary or appropriate for the formation, continuation, qualification and operation of a limited liability company in the State of Arizona, and any other state in which the Company may elect to do business. To the extent that it is determined to be necessary or appropriate, the Manager shall do all things to maintain the Company as a limited liability company under the laws of the State of Arizona and any other state in which the Company may elect to do business.

6.4 Indemnification of the Manager. The Company, its receiver or trustee shall indemnify, defend and hold harmless the Manager and his Affiliates (each, an "Actor"), to the extent of the Company's assets, for, from and against any liability, damage, cost, expense, loss, claim or judgment incurred by the Actor arising out of any claim based upon acts performed or

omitted to be performed by the Actor in connection with the business of the Company, including without limitation, attorney's fees and costs incurred by the Actor in settlement or defense of such claims. Notwithstanding the foregoing, no Actor shall be so indemnified, defended or held harmless for claims based upon acts or omissions in breach of this Agreement or which constitute fraud, gross negligence, willful misconduct or breach of fiduciary duty to the Company or to the Manager. Amounts incurred by an Actor in connection with any action or suit arising out of or in connection with Company affairs shall be reimbursed by the Company.

6.5 Liability. No Actor shall be personally liable for failure of the Company to make distributions as set forth in the Agreement and shall not be liable, responsible, accountable in damages or otherwise to the Company or the Members for any act or omission performed or omitted by such Actor in connection with the Company or its business. Notwithstanding the foregoing, an Actor shall in all instances be liable for acts or omissions in breach of this Agreement or which constitute fraud, gross negligence, willful misconduct or breach of fiduciary duty. If an Actor acts or refrains from acting in reliance on the advice of counsel, the Actor shall be deemed consecutively to have had a good faith belief with respect to such inaction or action. An Actor shall not be required, however, to procure the advice of counsel to be entitled to the benefit of this section.

6.6 Reimbursable Expenses. The Company will reimburse the Manager and the Members for all actual out-of-pocket third-party expenses incurred in connection with the carrying out of the duties set forth in this Agreement.

6.7 Authorized Signatory. The Members hereby authorizes and empowers the Manager to execute any and all documents, instruments, authorizations and agreements on behalf of and in the name of the Company related to the purchase of the Property, securing financing for the purchase and renovation of Property, entering into a partnership agreement related to the purchase of the Property and entering into an agreement pursuant to which the Company will act as the manager of the Property, without the need for any further action or consent by the Members.

ARTICLE VII

The Members

7.1 Authority of the Members. The Members shall have no authority to act on behalf of the Company (other than in its role as Manager) or to vote on matters related to the Company, except for such authority and rights as are required by the Act or other applicable law or such powers as are otherwise granted in this Agreement. Any vote or approval required of the Members may be made in writing without requirement of meeting.

7.2 Limitation of Liability. The Members' liability for the debts and obligations of the Company shall be limited as set forth in the Act and other applicable law.

ARTICLE VIII

Books, Records, Reports and Accounting

8.1 Records. The Company shall keep or cause to be kept at the Principal Office of the Company the following: (a) a current list of the full name and last known business, residence

or mailing address of each Members, (b) a copy of the initial articles of organization and all amendments thereto, (c) copies of all written operating agreements and all amendments to the agreements, including any prior written operating agreements no longer in effect, (d) copies of the Company's federal, state, and local income tax returns and reports, if any, with the three (3) most recent years, (e) copies of any prepared financial statements of the Company for the three (3) most recent years and (f) minutes of every meeting of the Members as well as any written consents of the Manager or Members or actions taken by Manager or Members without a meeting. Any such records maintained by the Company may be kept on or be in the form of any information storage device, provided that the records so kept are convertible into legible written form within a reasonable period of time.

8.2 Fiscal Year and Accounting. The Fiscal Year of the Company shall be as determined by the Manager. All decisions as to other accounting matters, except as specifically provided to the contrary herein, shall be made by the Manager.

8.3 Preparation of Tax Returns. The Manager shall arrange for the preparation and timely filing of all returns of the Company for federal and state income tax purposes and shall cause to be furnished to the Members the tax information reasonably required for federal and state income tax reporting purposes. The classification, realization and recognition of income, gain, losses and deductions and other items, for federal income tax purposes, shall be on that method of accounting as the Manager shall determine.

8.4 Tax Elections. The Manager may in his discretion determine whether to make any available elections pursuant to the Code.

8.5 Tax Controversies. Subject to the provisions hereof, Alexandre Rizk is designated the Tax Matters Members, and is authorized and required to represent the Company (at the Company's expense) in connection with all examinations of the Company's affairs by tax authorities, including resulting administrative and judicial proceedings, and to expend Company funds for professional services and costs associated therewith.

ARTICLE IX

Transfer, Withdrawals

9.1 Transfers. The Members may make any Transfer of all or any portion of his Interest including, without limitation, a Transfer of a right to Profits, Losses or distributions.

9.2 Withdrawal of a Member. The Bankruptcy of a Member shall not be deemed to be an event of withdrawal.

ARTICLE X

Liquidation and Winding Up

10.1 Dissolution. The Company shall be dissolved only upon:

- (a) the decision of the Members;

(b) Upon the Withdrawal Event (as defined below), unless the business of the Company is continued by the specific consent of the Members given within ninety (90) days after the discovery by the Members of such Withdrawal Event;

(c) The occurrence of any event which makes it unlawful for the business of the Company to be carried on or for the Members to carry on the business in Company; or

(d) The sale or other disposition of all or substantially all of the Company's assets and properties and the collection of all notes received in connection of such sale or other disposition.

10.2 Filing Upon Dissolution. As soon as possible following the dissolution of the Company, the Manager shall execute and file a notice of winding up with the Arizona Corporation Commission as required by the Act. Upon the dissolution of the Company, the Company shall cease to carry on its business, except insofar as may be necessary for the winding up of its business, but its separate existence shall continue until articles of termination have been filed with the Arizona Corporation Commission as required by the Act or until a decree dissolving the Company has been entered by a Court of competent jurisdiction.

10.3 Liquidation. Upon dissolution of the Company, it shall be wound up and liquidated as rapidly as business circumstances permit. The Manager shall act as the liquidating trustee, and the assets of the Company shall be liquidated and the proceeds thereof shall be paid (to the extent permitted by applicable law) in the following order:

(a) First, to creditors in the order of priority as required by applicable law;

(b) Second, to a reserve for contingent liabilities to be distributed at the time and in the manner as the liquidating trustee determines in its discretion; and

(c) Third, Sarti Enterprises Delaware LLC

(d) Fourth, to the remaining Members.

10.4 Reasonable Time for Winding Up. A reasonable time shall be allowed for the orderly winding up of the business and affairs of the Company and the liquidation of its assets pursuant to Section 10.4 in order to minimize any losses otherwise related to that winding up.

10.5 Deficit Capital Account. Upon liquidation, the Members shall look solely to the assets of the Company for the return of that Members' Capital Contribution. No Members shall be personally liable for a deficit Capital Account balance of those Members, it being expressly understood that the distribution of liquidation proceeds shall be made solely from existing Company assets. However, Sarti Enterprises LLC shall recoup its Capital Contribution before Alexandre Rizk or any other members have access to any the liquidation proceeds.

10.6 Articles of Termination. When all debts, liabilities and obligations of the Company have been paid and discharged or adequate provisions have been made therefor and all of the remaining property and assets of the Company have been distributed to Members, articles

of termination shall be executed and filed with the Arizona Corporation Commission by the liquidating trustee with the Arizona Corporation Commission as required by the Act.

ARTICLE XI
Miscellaneous

11.1 Controlling Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Arizona.

11.2 Notices. Notices shall be delivered either by private messenger service, facsimile transmission, email, or by private or governmental mail. Any notice or document required or permitted hereunder to a Members or Manager shall be in writing and shall be deemed to be given on the date received by such party; provided, however, that all notices and documents mailed to a party hereto in the United States Mail, postage prepaid, certified mail, return receipt requested, addressed to such party at such party's respective address as shown in the records of the Company, shall be deemed to have been received five (5) days after mailing. The address of the Members and Manager shall for all purposes be as set forth on the signature page hereto unless otherwise changed by the Members or Manager by notice to the Company as provided herein.

11.3 Severability. If any provisions of this Agreement shall be conclusively determined by a Court of competent jurisdiction to be invalid or unenforceable to any extent, the remainder of this Agreement shall not be affected thereby.

11.4 Binding Effect. Except as otherwise provided herein, this Agreement shall inure to the benefit of and be binding upon the Members, Manager and their respective successors and, where permitted, assigns.

11.5 Titles and Captions. All article, section and paragraph titles and captions contained in this Agreement are for convenience only and are not a part of the context hereof.

11.6 Pronouns and Plurals. All pronouns and any variations thereof are deemed to refer to the masculine, feminine, neuter, singular or plural as the identity of the appropriate Person(s) may require.

11.7 No Third Party Rights. This Agreement is intended to create enforceable rights of the party hereto only, and creates no rights in, or obligations to, any other Persons whatsoever.

11.8 Time is of Essence. Time is of the essence in the performance of each and every obligation herein imposed.

11.9 Further Assurances. The parties hereto shall execute all further instruments and perform all acts which are or may become necessary to effectuate and to carry on the business contemplated by this Agreement.

11.10 Schedules Included in Exhibit; Incorporation by Reference. Any reference to an exhibit to this Agreement contained herein shall be deemed to include any schedules to such exhibit. Each of the exhibits referred to in this Agreement, and each schedule to such exhibits, is

hereby incorporated by reference in the Agreement as if such schedules and exhibits were set out in full in the text of this Agreement.

11.11 Amendments. This Agreement may not be amended except by written agreement of the Members and Manager.

11.12 Creditors. None of the provisions of the Agreement shall be for the benefit of or enforceable by any creditors of the Company.

ARTICLE XII

Definitions

The following terms used in this Agreement shall have the meanings described below:

“Act” shall mean the Arizona Limited Liability Company Act, as amended.

“Adjusted Basis” has the meaning given such term in Code Section 1011.

“Affiliate” means a Person who, with respect to any other Person: (a) directly or indirectly controls, is controlled by or is under common control with that other Person; (b) owns or controls 10 percent or more of the outstanding voting securities or interests of that other Person; (c) is an officer, director, general partner or manager of that other Person; (d) if that other Person is an officer, director, general or partner or manager, any Person for which that other Person acts in any such capacity; and (e) any Family Members of any Person described in clauses (a) through (d) above.

“Agreement” means this operating agreement as it may be amended from time to time complete with all exhibits and schedules hereto.

“Bankruptcy” means, with respect to a Members or the Company, the happening of any of the following:

- (a) The making of a general assignment for the benefit of creditors;
- (b) The filing of a voluntary petition in bankruptcy or the filing of a pleading in any court of record admitting in writing an inability to pay debts as they become due;
- (c) The entry of an order, judgment or decree by any court of competent jurisdiction adjudicating the Company or a Members to be bankrupt or insolvent;
- (d) The filing of a petition or answer seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation;
- (e) The filing of an answer or other pleading admitting the material allegations of, or consenting to, or defaulting in answering, a bankruptcy petition filed against the Company or a Members in any bankruptcy proceeding;

(f) The filing of an application or other pleading or any action otherwise seeking, consenting to or acquiescing in the appointment of a liquidating trustee, receiver or other liquidator of all or any substantial part of the Company's or a Members' properties;

(g) The commencement of any proceeding seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation which has not been quashed or dismissed within one hundred (180) days; or

(h) The appointment without consent of the Company or such Members or acquiescence of a liquidating trustee, receiver or other liquidator of all or any substantial part of the Company's or a Members' properties without such appointment being vacated or stayed within ninety (90) days, and if stayed, without such appointment being vacated within ninety (90) days after the expiration of any such stay.

"Capital Account" means the accounting record of each Members' capital interest in the Company. There shall be credited to each Members' Capital Account (a) the amount of any cash contributed by that Members, (b) the Gross Asset Value of property contributed by that Members, (c) that Members' allocable share of Profits and any items in the nature of income or gain that are specially allocated to that Members, and (d) the amount of any Company liabilities that the Members is considered to assume or take subject to under Code Section 752 in connection with a distribution of property to such Person by the Company. There shall be debited against each Members' Capital Account (i) the amount of all cash distributions to that Members, unless a distribution to the Members is re-characterized as a payment under Code Section 707(c), (ii) the Gross Asset Value of all property distributions to that Members, (iii) that Members' allocable share of Losses and any items in the nature of expenses or losses which are specially allocated to that Members and (iv) the amount of any liabilities of that Members that the Company is considered to assume or take subject to under Code Section 752 in connection with a contribution of property by such Person by the Company. Fees and reimbursements described in Section 6.6 herein and paid to Members shall not reduce that Members' Capital Account. The transferee of all or a portion of a Members' Interest shall succeed to that portion of the transferor Members' Capital Account that is allocable to the portion of the Members' Interest transferred. This definition of Capital Account and the other provisions of this Agreement relating to the maintenance of Capital Accounts are intended to comply with Treasury Regulation Sections 1.704-1(b) and 1.704-2 and shall be interpreted and applied in a manner consistent with those Treasury Regulations. In the event the Manager determines that it is prudent to modify the manner in which the Capital Accounts, or any debits or credits thereto (including, without limitation, debits or credits relating to liabilities that are secured by contributed or distributed property or which are assumed by the Company or the Members), are computed in order to comply with that Treasury Regulation, the Manager may make such modification. The Manager shall also make any appropriate modifications in the event unanticipated events might otherwise cause this Agreement not to comply with Treasury Regulation Sections 1.704-1(b) and 1.704-2.

"Capital Contribution(s)" means with respect to any Members, an amount of money contributed by those Members to the Company and, if property other than money is contributed,

the initial Gross Asset Value of such property, net of liabilities assumed or taken subject to by the company.

"Code" means the Internal Revenue Code of 1986, as amended from time to time.

"Company" means the limited liability company formed pursuant to this Agreement; as such Limited Liability Company may from time to time be constituted.

"Depreciation" means, for each Fiscal Year or other period, an amount equal to the depreciation, amortization or other cost recovery deduction allowable with respect to an asset for that year or other period, except that if the Gross Asset Value of an asset differs from its Adjusted Basis at the beginning of the Fiscal Year or other period, Depreciation shall be an amount which bears the same ratio to that different Gross Asset Value (as originally computed) as the federal income tax depreciation, amortization, or other cost recovery deduction for that Fiscal Year or other period bears to the Adjusted Basis (as originally computed); provided, however, that if the federal income tax depreciation, amortization or other cost recovery deduction for the applicable year or period is zero, Depreciation shall be determined with reference to the Gross Asset Value (as originally computed) using any reasonable method selected by the Manager.

"Fiscal Year" means the twelve month period on which the accounting and federal income tax records of the Company are kept.

"Gross Asset Value" means with respect to any Company asset, the asset's Adjusted Basis. The Gross Asset Value shall be adjusted by taking into account all adjustments for Depreciation, if any, taken with respect to that asset for purposes of computing Profits and Losses.

"Interest(s)" means the interest of Members in the Company representing such Members' rights, powers and privileges as specified in this Agreement.

"Manager" shall mean that person designated as the Manager in the introductory paragraph hereto, or such other person or entity appointed as the Manager hereunder.

"Members(s)" means any Person that executes this Agreement or a counterpart of this Agreement as Members, either personally or by a duly constituted attorney-in-fact, and any other Person admitted to the Company as additional or substituted Members, that has not made a Transfer of such Person's entire Interest.

"Minimum Gain" has the meaning set forth in Treasury Regulation Section 1.704-2(d).

"Person" means an individual, firm, partnership, Limited Liability Company, corporation, estate, trust, pension or profit-sharing plan or other entity.

"Principal Office" means the principal office and place of business of the Company and the place where the records of the Company are kept as required under the Act.

“Profits” and “Losses” means for each Fiscal Year or other period, an amount equal to the Company’s taxable income or loss for that year or period, determined in accordance with Code Section 703(a) (for this purpose, all items of income, gain, loss or deduction required to be stated separately pursuant to Code Section 703(a)(1) shall be included in taxable income or loss).

“Tax Matters Members” means the “tax matters partner,” as defined in Code Section 6231(a) (7).

“Transfer” means to sell, assign, transfer, give, donate, pledge, deposit, alienate, bequeath, devise or otherwise dispose of or encumber to any Person other than the Company.

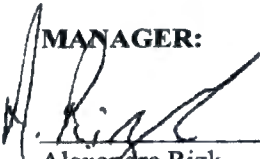
“Treasury Regulations” means pronouncements, as amended from time to time, which clarify, interpret and apply the provisions of the Code, and which are designated as “Treasury Regulations” by the United States Department of the Treasury.

“Withdrawal Event” shall mean those event circumstances listed in Section 29-733 of the Act.

[Signature page follows.]

IN WITNESS WHEREOF, the parties have executed this Agreement effective as of the day and year first above written.

MANAGER:



Alexandre Rizk

Address: 5401 E. Everett Drive
Scottsdale, AZ, 85254

MEMBERS:



Alexandre Rizk

Address: 5401 E. Everett Drive
Scottsdale, AZ, 85254



Charles T. Sarti / Sarti Enterprises LLC

Address: 2386 Maritime Dr., suite 100
Elk Grove, CA 95758



Francois Massicotte

Address: 2136 W. Kerry Lane
Phoenix, AZ 85027



THE NAVAJO NATION

RUSSELL BEGAYE
JONATHAN NEZ



February 5, 2018

MEMORANDUM

TO: Anslem Harvey, Senior EDS
Regional Business Development Office
Division of Economic Development

FEB 12 2018

FROM: Lena D. Arviso
Lena D. Arviso, Accounting Manager
Office of the Controller

SUBJECT: "Navajo Business and Procurement Act clearance check"

Pursuant to your request dated February 1, 2018 (*Received in Account Receivable on 02/02/2018 @ 8:00 a.m.*) seeking a procurement clearance check on the following individual/ Business is updated as follows:

Name	Address/ BSL No./ Store Location	A. R. Debt Due	Action
Pro Hospitality Three Chinle, L.L.C. EIN# 81-5234309	7502 E. Pinnacle Peak Road Suite B116 Scottsdale, AZ 85255	\$ 0.00	Procurement cleared

The Navajo Nation reserves the right to rescind and revise the procurement clearance when and if any information becomes available regarding the businesses eligibility status.

Thank you for complying with the "NNB&P ACT". Our office requests that all relevant information of the individual(s) / business (es) is provided to ensure accurate clearance check. The information contained in this memorandum is privileged and confidential. Therefore, when disseminating this information, block out information that are not applicable if this procurement memo is to be included.

Should you have any questions, please contact Accounts Receivable Section at 871-6770. Thank you.

/mj

CC: Accounts Receivable



THE NAVAJO NATION



RUSSELL BEGAYE **PRESIDENT**
JONATHAN NEZ **VICE PRESIDENT**

VIA: E-MAIL

2
FEB 12 2018

MEMORANDUM

TO: Anslem Harvey, Senior Economic Development Specialist
Chinle Regional Business Development Office
Division of Economic Development

FROM : Noreen McCray
Noreen McCray, Collection Officer
Credit Services Department
Office of the Controller

DATE: February 6, 2018

SUBJECT: **PROCUREMENT CLEARANCE**

To be in compliance with the Navajo Nation Business Procurement Act, you have requested procurement clearance by Memo dated February 1, 2018 for the following individual(s)/business. The following is our response:

XX The individual(s)/business listed ***does not have an*** outstanding loan with the ***Navajo Nation Credit Services Department.***

No.	Name	EIN. #	Action
1.	Alexandre Rizk, Executive Vice President 7502 E Pinnacle Peak Road Suite B116 Scottsdale, AZ 85255	81-5234309	Procurement Cleared

Should you have any questions, please contact our office at (928) 871-6749.

xc: File/Chrono



THE NAVAJO NATION

RUSSELL BEGAYE
JONATHAN NEZ

MEMORANDUM

To: All concerned

From: *Pearline Kirk*
Pearline Kirk, Controller
Office of the Controller

Date: July 17, 2017

Subject: Standing Delegation of Authority

This memorandum will serve as an official notification that the following standing delegation of authority will be in effect for Credit Services Department. The delegated person is authorized to sign documents that are of routine nature. All other documents considered significantly questionable will be referred to the Controller. This delegation will be continual until it is modified in writing.

Your utmost cooperation with the delegated person is expected and appreciated. Thank you.

Acknowledged:

1. *Noreen McCray*
Noreen McCray, Collection Officer
2. *Gregory R. Begay*
Gregory R. Begay, Collection Officer

Distribution



THE NAVAJO NATION

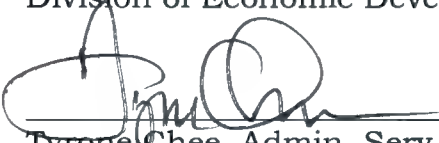


RUSSELL BEGAYE PRESIDENT
JONATHAN NEZ VICE PRESIDENT

FEB 14 2018

M E M O R A N D U M

TO: Anslem Harvey, Sr. EDS
Chinle Regional Business Development Office
Division of Economic Development

FROM: 
Tyrone Chee, Admin. Serv. Officer
Support Services Department
Division of Economic Development

DATE: February 8, 2018

SUBJECT: Procurement Clearance

Your request was received on **February 2, 2018** at the Support Services Department. The information is provided on the individual you requested for a Procurement Check and Clearance.

XXX

The individual listed **do not** have any loans outstanding with the Navajo Nation Business Industrial Development Fund.

Alexandre Rizk
D.B.A. Pro Hospitality Three Chinle, LLC.
7502 E. Pinnacle Peak Road Suite B116
Scottsdale, AZ 85255

_____ The Following individual(s) listed **do** have a loan with the Navajo Nation Business Industrial Development Fund.

If you have any questions, please do not hesitate to call me at (928) 871-7382.



NAVAJO
NATION
SHOPPING
CENTERS
INCORPORATED

FEB 12 2018

February 7, 2018

"35 Years of Providing Unique Business
Opportunities for the Navajo People"



Anslem Harvey, Senior EDS
Chinle Regional Business Development Office/DED
P. O. Box 565
Chinle, AZ 86503

VIA EMAIL

CROWNPOINT

Dear Mr. Harvey,

PINEHILL

Pursuant to your letter seeking procurement clearance for Alexandre Rizk, Executive Vice President, dba, Pro Hospitality Three Chinle, LLC., 7502 E. Pinnacle Peak Road, Suite B116, Scottsdale, AZ 85255. The Navajo Nation Shopping Centers, Inc. has never done business with the business, therefore, is cleared for procurement.

NAVAJO PINE

If you have any questions please call me at (928)871-2218 or email me at mjohn@nnsinc.com.

WINDOW ROCK

Thank you,

ST. MICHAELS

Melvilena John
Accounts Receivable Technician
Navajo Nation Shopping Centers, Inc.

PINON

xc: File

DILKON

TUBA CITY

KAYENTA

SHIPROCK



**THE
NAVAJO
NATION**



RUSSELL BEGAYE
PRESIDENT

OFFICE OF THE NAVAJO TAX COMMISSION
Post Office Box 1903 • Window Rock, Navajo Nation (Arizona) 86515-1903
(928) 871-6681 • (928) 871-7608 FAX

JONATHAN NEZ
VICE-PRESIDENT

MEMORANDUM

TO : Anslem Harvey, Senior Economic Development Specialist
Regional Business Development Office
Division of Economic Development

FROM : Larieta L. Tso
Larieta L. Tso Senior Tax Compliance Officer
Office of the Navajo Tax Commission

DATE : March 9, 2018

SUBJECT : Pro Hospitality Three Chinle, L.L.C./Alexandre Rizk

Per your request, our office has reviewed The Office of the Navajo Tax Commission files for Pro Hospitality Three Chinle, L.L.C./Alexandre Rizk. Pro Hospitality Three Chinle, L.L.C./Alexandre Rizk *is currently registered* with our office under the hotel occupancy tax and possessory interest tax requirements.

If you have any questions or need further clarification, contact me directly at (928) 871-7131.

cc: Ethel O. House, Sr. Minerals Assessment Specialist/ONTC
Taxpayer File
Chrono



THE NAVAJO NATION

RUSSELL BEGAYE
PRESIDENT

OFFICE OF THE NAVAJO TAX COMMISSION
Post Office Box 1903 • Window Rock, Navajo Nation (Arizona) 86515-1903
(928) 871-6681 • (928) 871-7608 FAX

JONATHAN NEZ
VICE-PRESIDENT

FEB 12 2018

MEMORANDUM

TO : Anslem Harvey, Senior Economic Development Specialist
Regional Business Development Office
Division of Economic Development

FROM : Larieta L. Tso
Larieta L. Tso Senior Tax Compliance Officer
Office of the Navajo Tax Commission

DATE : February 7, 2018

SUBJECT : Pro Hospitality Three Chinle, L.L.C./Alexandre Rizk

Per your request, our office has reviewed The Office of the Navajo Tax Commission files for Pro Hospitality Three Chinle, L.L.C./Alexandre Rizk. Pro Hospitality Three Chinle, L.L.C./Alexandre Rizk is currently **NOT registered** with our office under the hotel occupancy tax and possessory interest tax requirements.

If you have any questions or need further clarification, contact me directly at (928) 871-7131.

cc: Ethel O. House, Sr. Minerals Assessment Specialist/ONTC
Taxpayer File
Chrono

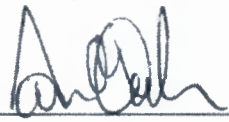
THE NAVAJO NATION



RUSSELL BEGAYE **PRESIDENT**
JONATHAN NEZ **VICE PRESIDENT**

MEMORANDUM

TO : ALL CONCERNED

FROM : 
Sean McCabe, Division Director
Division of Economic Development

DATE : January 24, 2018

SUBJECT : Standing Delegation


The following department director will automatically assume the responsibility, during the times that I am on leave or on travel.


Anthony Perry, Department Manager, Project Development Department
Bertha Aguirre, Department Manager, Real Estate Department
Elaine Young, Department Manager, Small Business Development

This standing delegation gives authority to handle all routine operation of Division of Economic Development, except those needing attention of the Division Director.

I ask for your full cooperation to be given to the delegated, so that there is no interruption in services. Thank you for your cooperation and understanding.

ACKNOWLEDGEMENT:


Anthony Perry, Department Manager
Project Development Department


Bertha Aguirre, Department Manager
Real Estate Department


Elaine Young, Department Manager
Small Business Development Department

Document No. 009640Date Issued: 01/31/2018**EXECUTIVE OFFICIAL REVIEW**Title of Document: Col Assgn Pro Hosp Three & PPB Contact Name: HARVEY, ANSLEMProgram/Division: DIV. OF ECONOMIC DEVELOPMENTEmail: aharvey @live.com Phone Number: (928) 674-2243☒ **Business Site Lease**

1. Division: [Signature] Date: 2-21-18 Sufficient ☒ Insufficient ☐
2. Office of the Controller: [Signature] Date: 2-28-18 Sufficient ☒ Insufficient ☐
(only if Procurement Clearance is not issued within 30 days of the initiation of the E.O. review)
3. Office of the Attorney General: [Signature] Date: 3/28/18 Sufficient ☒ Insufficient ☐

☐ **Business and Industrial Development Financing, Veteran Loans, (i.e. Loan, Loan Guarantee and Investment) or Delegation of Approving and/or Management Authority of Leasing transactions**

1. Division: _____ Date: _____ Sufficient ☐ Insufficient ☐
2. Office of the Attorney General: _____ Date: _____ Sufficient ☐ Insufficient ☐

☐ **Fund Management Plan, Expenditure Plans, Carry Over Requests, Budget Modifications**

1. Office of Management and Budget: _____ Date: _____ Sufficient ☐ Insufficient ☐
2. Office of the Controller: _____ Date: _____ Sufficient ☐ Insufficient ☐
3. Office of the Attorney General: _____ Date: _____ Sufficient ☐ Insufficient ☐

☐ **Navajo Housing Authority Request for Release of Funds**

1. NNEPA: _____ Date: _____ Sufficient ☐ Insufficient ☐
2. Office of the Attorney General: _____ Date: _____ Sufficient ☐ Insufficient ☐

☐ **Lease Purchase Agreements**

1. Office of the Controller: _____ Date: _____ Sufficient ☐ Insufficient ☐
(recommendation only)
2. Office of the Attorney General: _____ Date: _____ Sufficient ☐ Insufficient ☐

☐ **Grant Applications**

1. Office of Management and Budget: _____ Date: _____ Sufficient ☐ Insufficient ☐
2. Office of the Controller: _____ Date: _____ Sufficient ☐ Insufficient ☐
3. Office of the Attorney General: _____ Date: _____ Sufficient ☐ Insufficient ☐

☐ **Five Management Plan of the Local Governance Act, Delegation of an Approving Authority from a Standing Committee, Local Ordinances (Local Government Units), or Plans of Operation/Division Policies Requiring Committee Approval**

1. Division: _____ Date: _____ Sufficient ☐ Insufficient ☐
2. Office of the Attorney General: _____ Date: _____ Sufficient ☐ Insufficient ☐

☒ **Relinquishment of Navajo Membership**

1. Land Department: _____ Date: _____ Sufficient ☐ Insufficient ☐
2. Elections: _____ Date: _____ Sufficient ☐ Insufficient ☐
3. Office of the Attorney General: _____ Date: _____ Sufficient ☐ Insufficient ☐

☐ **Land Withdrawal or Relinquishment for Commercial Purposes**

Sufficient Insufficient

1. Division:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
2. Office of the Attorney General:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>

☐ **Land Withdrawals for Non-Commercial Purposes, General Land Leases and Resource Leases**

1. NLD	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
2. F&W	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
3. HPD	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
4. Minerals	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
5. NNEPA	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
6. DNR	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
7. DOJ	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>

☐ **Rights of Way**

1. NLD	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
2. F&W	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
3. HPD	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
4. Minerals	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
5. NNEPA	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
6. Office of the Attorney General:	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
7. OPVP	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>

☐ **Oil and Gas Prospecting Permits, Drilling and Exploration Permits, Mining Permit, Mining Lease**

1. Minerals	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
2. OPVP	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
3. NLD	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>

☐ **Assignment of Mineral Lease**

1. Minerals	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
2. DNR	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
3. DOJ	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>

☐ **ROW (where there has been no delegation of authority to the Navajo Land Department to grant the Nation's consent to a ROW)**

1. NLD	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
2. F&W	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
3. HPD	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
4. Minerals	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
5. NNEPA	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
6. DNR	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
7. DOJ	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
8. OPVP	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>

☐ **OTHER:**

1. _____	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
2. _____	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
3. _____	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
4. _____	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>
5. _____	_____	Date: _____	<input type="checkbox"/>	<input type="checkbox"/>



NAVAJO NATION DEPARTMENT OF JUSTICE

DOCUMENT REVIEW REQUEST FORM

☐ RESUBMITTAL

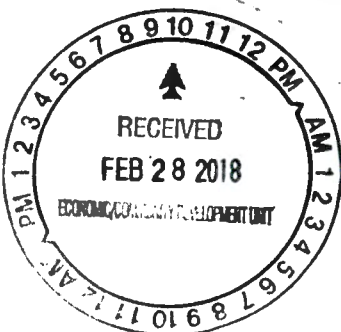


DOJ	
02/28/18 1004a	DATE / TIME
<input type="checkbox"/> 7 Day Deadline	
DOC # 009640	
SAS #:	
UNIT: ECDU	

*** FOR NNDJ USE ONLY - DO NOT CHANGE OR REVISE FORM. VARIATIONS OF THIS FORM WILL NOT BE ACCEPTED. ***

CLIENT TO COMPLETE			
DATE OF REQUEST: 2/28/18		ENTITY/DIVISION: Div. of Economic Development	
CONTACT NAME: Anslem Harvey		DEPARTMENT: Chink RBDD	
PHONE NUMBER: 928-674-2243		E-MAIL: aharvey@live.com	
TITLE OF DOCUMENT: Executive Review of Collateral Assignment of Lease for Lease No. CH-02-124 between Pro Hospitality Three Chink, LLC and Pacific Premier Bank			
DOJ SECRETARY TO COMPLETE			
DATE/TIME IN UNIT: FEB 28 2018 10am		REVIEWING ATTORNEY/ADVOCATE: Christine Schwambeger	
DATE/TIME OUT OF UNIT:			
DOJ ATTORNEY / ADVOCATE COMMENTS			
CONDITIONALLY LEGALLY SUFFICIENT, IN PART.			
SEE MEMO FOR EXCLUSIONS			
REVIEWED BY: (PRINT) 3.28.18 9:25 CHRISTINE SCHWAMBERGER		SURNAMED BY: (PRINT) UHJ 3/28/18 1051 am	
DOJ Secretary Called: Em Anslem Harvey		for Document Pick MAR 28 2018 at 11:08 By: ch	
PICKED UP BY: (PRINT)		DATE / TIME:	

NNDJ/DRRF-July 2013






NAVAJO NATION DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

ETHEL B. BRANCH
ATTORNEY GENERAL

CHERIE ESPINOSA
ACTING DEPUTY ATTORNEY GENERAL

M E M O R A N D U M

TO: Anslem Harvey, Sr. Economic Dev. Specialist
Chinle RBDO, Division of Economic Development

FROM: 
Christine M. Schwamberger, Principal Attorney
Economic/Community Development Unit, Dept. of Justice

DATE: April 5, 2018

SUBJECT: **CORRECTED DOC No. 9640: 3rd COLLATERAL ASSIGNMENT CHINLE
CONDITIONALLY LEGALLY SUFFICIENT**

The proposed "THIRD COLLATERAL ASSIGNMENT OF LEASE" between Pro Hospitality Three Chinle LLC (Assignor) and Pacific Premier Bank (Assignee) is approved as legally sufficient on condition that the Assignor (Pro-Hospitality) immediately register with the Navajo Tax Commission. See attached notice that the Assignor is not registered.

In addition, it is noted that there is a document entitled "CONSENT OF NAVAJO NATION AS GROUND LESSOR" (Consent), which is attached to the proposed resolution, and which is specifically disapproved as legally insufficient. The rights of the Assignee are provided in Lease No. CH-02-124, in Part II, Sec. 1.6 Encumbrance, and which lease is in accordance with 25 U.S.C. § 415(e). The provisions in the Consent are directly contrary to the provisions in the lease and 25 U.S.C. § 415(e), and therefore, are not legally acceptable. The consent required for the collateral assignment is provided by President Russell Begaye's signature on the bottom of the 3rd collateral assignment.

Memorandum to: Anslem Harvey

RE: ~~CORRECTED~~ DOC No. 9640: 3rd COLLATERAL ASSIGNMENT CHINLE
CONDITIONALLY LEGALLY SUFFICIENT

April 5, 2018

Page 2 of 2

The draft "PROPOSED STANDING COMMITTEE RESOLUTION" is specifically disapproved for Section Two (G, H & I), and Section Three (A-B), for the references to the Consent, which is discussed and disapproved above.

Finally, it is noted that this package should have been submitted as a Request for Services (RFS) for pre-review prior to the submittal for final 164 review. Any further similar packages submitted this way will be returned without review.

CMS/ah/66



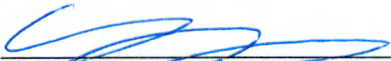
NAVAJO NATION DEPARTMENT OF JUSTICE
OFFICE OF THE ATTORNEY GENERAL

ETHEL B. BRANCH
ATTORNEY GENERAL

CHERIE ESPINOSA
ACTING DEPUTY ATTORNEY GENERAL

M E M O R A N D U M

TO: Anslem Harvey, Sr. Economic Dev. Specialist
Chinle RBDO, Division of Economic Development

FROM: 
Christine M. Schwamberger, Principal Attorney
Economic/Community Development Unit, Dept. of Justice

DATE: March 28, 2018

SUBJECT: DOC No. 9640: 3rd COLLATERAL ASSIGNMENT CHINLE
CONDITIONALLY LEGALLY SUFFICIENT

The proposed "THIRD COLLATERAL ASSIGNMENT OF LEASE" between Pro Hospitality Three Chinle LLC (Assignor) and Pacific Premier Bank (Assignee) is approved as legally sufficient on condition that the Assignee immediately register with the Navajo Tax Commission. See attached notice that the Assignor is not registered.

In addition, it is noted that there is a document entitled "CONSENT OF NAVAJO NATION AS GROUND LESSOR" (Consent), which is attached to the proposed resolution, and which is specifically disapproved as legally insufficient. The rights of the Assignee are provided in Lease No. CH-02-124, in Part II, Sec. 1.6 Encumbrance, and which lease is in accordance with 25 U.S.C. § 415(e). The provisions in the Consent are directly contrary to the provisions in the lease and 25 U.S.C. § 415(e), and therefore, are not legally acceptable.

The draft "PROPOSED STANDING COMMITTEE RESOLUTION" is specifically disapproved for Section Two (G, H & I), and Section Three (A-B), for the references to the Consent, which is discussed and disapproved above.

Memorandum to: Anslem Harvey

RE: DOC No. 9640: 3rd COLLATERAL ASSIGNMENT CHINLE
CONDITIONALLY LEGALLY SUFFICIENT

March 28, 2018

Page 2 of 2

Finally, it is noted that this package should have been submitted as a Request for Services (RFS) for pre-review prior to the submittal for final 164 review. Any further similar packages submitted this way will be returned without review.

CMS/ah/60

PROPOSED STANDING COMMITTEE RESOLUTION

(Prime Sponsor)

RELATING TO RESOURCES AND DEVELOPMENT; APPROVING THE THIRD COLLATERAL ASSIGNMENT OF LEASE OF BUSINESS LEASE NO. CH-02-124, BY AND BETWEEN LESSEE PRO HOSPITALITY THREE CHINLE L.L.C. AND PACIFIC PREMIER BANK FOR THE PURCHASE OF THE CHINLE BEST WESTERN HOTEL AND RESTAURANT; AND THE CONSENT OF NAVAJO NATION AS GROUND LESSOR

BE IT ENACTED:

Section One. Authority.

- A. The Resources and Development Committee is established as a standing committee of the Navajo Nation Council. 2 N.N.C. § 500 (A).
- b. The Resources and Development Committee of the Navajo Nation Council is empowered to grant final approval for non-mineral leases. 2 N.N.C. § 501 (B) (2).
- C. Any encumbrance of Business Site Lease No. CH-02-124 requires the written approval of the Navajo Nation as Lessor, the Secretary of the Interior or his authorized representatives, and sureties. Part II, Section 1.6, STANDARD TERMS AND CONDITIONS FOR NAVAJO NATION ECONOMIC DEVELOPMENT LEASES (Navajo Nation Trust Land).

Section Two. Findings.

- A. By Resolution EDCF-17-02, dated February 13, 2002, the Economic Development Committee of the Navajo Nation Council approved a business site lease between the Navajo Nation as the Lessor and Equus-Canyon de Chelly, L.L.C.
- B. The Lease is designated Lease No. CH-02-124 and is for a term of thirty-five (35) years commencing on April 09, 2002, the date of the Bureau of Indian Affairs' approval, and may be renewed for an additional twenty (20) years.
- C. By Resolution No. RDCAU80-17, dated August 8, 2017, the Resources and Development Committee of the Navajo Nation Council approved the Assignment of Lease No. CH-02-124 by the Navajo Nation and Equus-Canyon de Chelly, L.L.C., to Pro Hospitality Three Chinle, L.L.C.
- D. To complete the lease assignment, it is necessary for Pro Hospitality Three Chinle, L.L.C., to buy-out Equus-Canyon de Chelly, L.L.C.'s rights and interests in Lease No. Ch-02-124.
- E. Pro Hospitality Three Chinle, L.L.C., and the Pacific Premier Bank of Irvine, California, have agreed to the terms and conditions of the Third Collateral Assignment of Lease. A copy of the Third Collateral Assignment of Lease is attached hereto and incorporated herein as Exhibit "A".

F. Pursuant to the Third Collateral Assignment of Lease, attached Exhibit A, Pacific Premier Bank will loan \$ 6,600,000 to Pro Hospitality Three Chinle, L.L.C., to finance the buy-out of Equus-Canyon de Chelly, L.L.C.'s, and will, in return as collateral, acquire rights and interests in Lease No. CH-02-124.

G. Pursuant to Legislation No. 0276-17 authorization, the Navajo Nation President executed a Consent of Navajo Nation as Ground Lessor whereby the Navajo Nation consented the Third Collateral Assignment of Lease. The Consent of Navajo Nation as Ground Lessor is attached hereto and incorporated herein as Exhibit "B".

H. The appropriate offices of the Navajo Nation Executive Branch and the Legislative Branch have reviewed the Third Collateral Assignment of Lease and the Consent of Navajo Nation as Ground Lessor and find them legally sufficient.

I. The Resources and Development Committee of the Navajo Nation Council finds it to be in the best interest of the Navajo Nation to approve the Third Collateral Assignment of Lease, attached Exhibit A, and the Consent of Navajo Nation as Ground Lessor, attached Exhibit "B".

Section Three. Approval.

A. The Resources and Development Committee of the Navajo Nation Council hereby approves the Third Collateral Assignment of Lease, attached Exhibit "A", and the Consent of Navajo Nation as Ground Lessor, attached Exhibit "B".

B. The Navajo Nation hereby authorizes the President of the Navajo Nation to execute the Third Collateral Assignment of Lease, attached Exhibit "A", and the Consent of Navajo Nation as Ground Lessor, attached Exhibit B, and to execute any and all documents necessary and proper to immediately effectuate the intent and purpose of the Lease assignment.



THE NAVAJO NATION

RUSSELL BEGAYE
PRESIDENT

OFFICE OF THE NAVAJO TAX COMMISSION
Post Office Box 1903 • Window Rock, Navajo Nation (Arizona) 86515-1903
(928) 871-6681 • (928) 871-7608 FAX

JONATHAN NEZ
VICE-PRESIDENT

MEMORANDUM

TO : Anslem Harvey, Senior Economic Development Specialist
Regional Business Development Office
Division of Economic Development

FROM : Larieta L. Tso
Larieta L. Tso Senior Tax Compliance Officer
Office of the Navajo Tax Commission

DATE : March 9, 2018

SUBJECT : Pro Hospitality Three Chinle, L.L.C./Alexandre Rizk

Per your request, our office has reviewed The Office of the Navajo Tax Commission files for Pro Hospitality Three Chinle, L.L.C./Alexandre Rizk. Pro Hospitality Three Chinle, L.L.C./Alexandre Rizk is currently registered with our office under the hotel occupancy tax and possessory interest tax requirements.

If you have any questions or need further clarification, contact me directly at (928) 871-7131.

cc: Ethel O. House, Sr. Minerals Assessment Specialist/ONTC
Taxpayer File
Chrono

RESOURCES AND DEVELOPMENT COMMITTEE

Special Meeting

April 16, 2018

ROLL CALL

VOTE TALLY SHEET:

Legislation # 0126-18: An Action Relating to Resources and Development; Approving the Third Collateral Assignment of Business Site Lease CH-02-124 Between Pro Hospitality Three Chinle, L.L.C. and Pacific Premier Bank. *Presenters: Honorable Leonard H. Pete*

MAIN MOTION: Davis Filfred S: Walter Phelps V: 3-0-1 (CNV)

ROLL CALL VOTE TALLY:

YEAS: Davis Filfred; Leonard H. Pete and Walter Phelps

NAYS: NONE

NOT VOTING/EXCUSED: Jonathan Perry, Benjamin Bennett and Alton Joe Shepherd (Presiding)

AMENDMENT # 1:

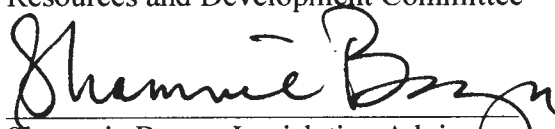
Motion: Leonard H. Pete S: Walter Phelps V: 3-0-1 (CNV)

YEAS: Davis Filfred; Leonard H. Pete and Walter Phelps

NAYS: NONE

NOT VOTING/EXCUSED: Jonathan Perry, Benjamin Bennett and Alton Joe Shepherd (Presiding)


Alton Joe Shepherd, Chairperson
Resources and Development Committee


Shammie Begay, Legislative Advisor
Resources and Development Committee