

"RUSH"



EXECUTIVE DOCUMENT SUMMARY
State Form 41221 (R10/4-06)
Received
FEB 22 2015

Instructions for completing the EDS and the Contract process.

- 1. Please read the guidelines on the back of this form.
2. Please type all information.
3. Check all boxes that apply. IDOA Contracts
4. For amendments / renewals, attach original contract.
5. Attach additional pages if necessary.

H10

1. EDS Number: E3-5-ME240
2. Date prepared: 2/18/2015

3. CONTRACTS & LEASES
Professional/Personal Services
Grant
Lease (checked)
Attorney
MOU
QPA
Contract for procured Services
Maintenance
License Agreement
Amendment#
Renewal #
Other

FISCAL INFORMATION
4. Account Number:
5. Account Name:
6. Total amount this action: \$0.00
7. New contract total: 0.00
8. Revenue generated this action: \$18,000.00
9. Revenue generated total contract: \$630000.00
10. New total amount for each fiscal year:

TIME PERIOD COVERED IN THIS EDS
11. From (month, day, year): 2/18/2015
12. To (month, day, year): 2/17/2050
13. Method of source selection: Bid/Quotation, Emergency, Negotiated, Special Procurement, RFP#, Other (checked) PROSPECTUS

AGENCY INFORMATION
14. Name of agency: Dept. of Natural Resources
15. Requisition Number:
16. Address: IDNR, Div. Of State Parks/Res, Indiana Dunes State Park, 1600 N 25 E, CHESTERTON, IN 46304-9113

AGENCY CONTACT INFORMATION
17. Name: Marian England
18. Telephone #: 317/232-4137
19. E-mail address: mengland@dnr.in.gov

COURIER INFORMATION
20. Name: Jennifer Cook
21. Telephone #: 317-232-4108
22. E-mail address: jcook@dnr.in.gov

VENDOR INFORMATION
23. Vendor ID #: 0000314598
24. Name: PAVILION PARTNERS LLC
25. Telephone #: 219-464-8416
26. Address: 212 LINCOLNWAY, VALPARAISO, IN 46383
27. E-mail address: cwilliams@elegan.com

28. Is the vendor registered with the Secretary of State? (Out of State Corporations, must be registered) X Yes No
29. Primary Vendor: M/WBE/IN-Veteran
Minority: Yes X No
Women: Yes X No
IN-Veteran: Yes X No
30. Primary Vendor Percentages: 100.0 %

31. Sub Vendor: M/WBE/IN-Veteran
Minority: Yes X No
Women: Yes X No
IN-Veteran: Yes X No
32. If yes, list the %:
Minority: %
Women: %
IN-Veteran: %
33. Is there Renewal Language in the document? X Yes No
34. Is there a "Termination for Convenience" clause in the document? Yes X No

35. Will the attached document involve data processing or telecommunications systems(s)? Yes: IOT or Delegate has signed off on contract

36. Statutory Authority (Cite applicable Indiana or Federal Codes): IC 14-18-2

37. Description of work and justification for spending money. (Please give a brief description of the scope of work included in this agreement.)
This is a long term lease with the vendor, Pavilion Partners, LLC, for expansion, operation, and maintenance of the beach Pavilion at Indiana Dunes State Park. The estimated project cost to the vendor is \$6 million. The State and vendor entered into a lease agreement in 2014 pursuant to a prospectus; however, the Porter County Recorder determined that the legal description was insufficient and not in recordable form. The vendor subsequently provided a metes and bounds description and survey of the area. The parties agreed to execute a new lease that, upon signature and recordation, renders the prior lease void.

38. Justification of vendor selection and determination of price reasonableness:
DNR published a prospectus pursuant to IC 14-18-2 and the vendor was the successful proposer. Vendor will fund all of the construction and maintenance of the project and will pay DNR a rental fee based on revenue. Until the construction is complete and the business operational, it is difficult to say how much revenue will be generated. For the pro forma, it was estimated at \$18,000 annually.

39. If this contract is submitted late, please explain why: (Required if more than 30 days late.)

40. Agency fiscal officer or representative approval: [Signature]
41. Date Approved: 2/19/15
42. Budget agency approval: [Signature]
43. Date Approved: 2/25/15
44. Attorney General's Office approval: [Signature]
45. Date Approved: 2/26/15
46. Agency representative receiving from AG: [Signature]
47. Date Approved: [Signature]

RECEIVED
FEB 25 2015

OAG-ADVISORY



STATE OF INDIANA
DEPARTMENT OF NATURAL RESOURCES
LEASE AGREEMENT
WITH
PAVILION PARTNERS, LLC
EDS#: E3-5-ME240

THIS LEASE is made and entered into by and between Pavilion Partners, LLC ("Lessee"), and the Department of Natural Resources of the State of Indiana, ("Lessor), collectively referred to as "the Parties". Witnesseth That:

WHEREAS, the Lessor is authorized by IC 14-18-2 to lease land under its management and control for the purpose of having developed thereon public outdoor recreation or service facilities, and

WHEREAS, Lessor has published a Statement of Intent with respect to this Lease as required under Indiana law, and

WHEREAS, the Lessor has determined it to be in the public interest to contract with the Lessee for the purpose of planning, rehabilitating, operating, constructing and maintaining certain recreational and service facilities at Indiana Dunes State Park ("Park"), specifically, the Indiana Dunes Pavilion ("Pavilion"), and

WHEREAS, the Parties previously executed a lease for the same purpose on July 3, 2014 ("Prior Lease"), and

WHEREAS, the Porter County Recorder determined that the legal description in the Prior Lease was not sufficient for recording, and

WHEREAS, the Lessee has completed a survey and a metes and bounds legal description for the Leased Real Estate as reflected in Exhibit "D", and

WHEREAS, the Parties agree that it is in the Parties' best interests to enter into a new Lease, and

WHEREAS, upon full execution and recordation of this Lease, the Prior Lease shall be null and void.

NOW THEREFORE, in consideration of the premises, the mutual covenants herein contained, and each act performed hereunder by either of the parties, the Lessor and Lessee enter into the following Lease Agreement:

ARTICLE I
Exhibits Attached and Leased Real Estate

Section 1.01. Exhibits.

The following exhibits are attached to and made a part of this Lease:

- Exhibit A. Proposal for the Adaptive Reuse of the Indiana Dunes Pavilion as submitted by Pavilion Partners, LLC
- Exhibit B. Prospectus
- Exhibit C. Survey Drawing and Legal Description of the Pavilion Premises
- Exhibit D. Survey Drawing and Legal Description of Leased Real Estate

Section 1.02. Leased Real Estate.

The Lessor hereby lets and demises to the Lessee, and the Lessee hereby leases from the Lessor the real estate shown and legally described on Exhibit D. Such real estate is referred to in this Lease as the "Leased Real Estate."

ARTICLE II
Terms and Renewals

Section 2.01. Original Term.

The "Original Term" of this Lease shall be for a period of up to thirty-five (35) years, commencing on the date of signature by the Office of the Attorney General, and ending on December 31, 2048 or thirty-five years after the date of the signature of the Office of the Attorney General, whichever is the latter. Lessee has committed to expend in excess of Two Hundred Thousand Dollars (\$200,000.00) to improve the Indiana Dunes Pavilion in accordance with IC 14-19-1-3(b).

Section 2.02. Renewals.

Lessor grants to Lessee options to extend the Original Term for two (2) additional fifteen (15) year terms, on the same terms and conditions as herein set forth; provided, however, that the customer service has been of a quality satisfactory to the Lessor, and that the Lessee is not in default in the performance of any of its obligations hereunder. Lessee may exercise the renewal option by submitting in writing to Lessor a request of renewal, for approval by DNR, at least one hundred eighty (180) days prior to termination of the Original Term or end of the first renewal period.

Section 2.03. Holding Over.

In the event the Lessee remains in possession of the Leased Real Estate after the expiration of the Original Term, or any renewal, and without the execution of a new lease, it shall be deemed to be occupying the Leased Real Estate as a tenant from month-to-month, subject to all conditions, provisions and obligations of the Lease insofar as the same are applicable to a month to month tenancy. However, in no event shall said month-to-month tenancy exceed a period of twelve (12) months and the month-to-month tenancy shall automatically terminate at that time, if not previously terminated. Should the lease automatically terminate as stated herein, Lessee shall have forty five (45) days in which to vacate the Leased Real Estate.

ARTICLE III
Operation of Facilities

Section 3.01. Scope of Lease.

The business granted under the provisions of this Lease is as follows:

a) Subject to the terms of this Lease, expand the scope and size of the Pavilion to include a newly constructed catering facility.

b) The Lessee has the right to operate the Pavilion, including the expansion, as a dining/banquet facility. The Lessee has the right to offer

- sit down dining service
- fast food service within the facility and may offer foodservice on designated beach areas as approved by the Lessor employee that is the designated property manager of the Park (the "Property Manager").
- conference/meeting spaces and offer wedding receptions, conferences, meetings and packages.
- public events within the Pavilion and has the right to conduct public events on the beach through a special use permit as approved by the Property Manager.
- live entertainment and events within the Pavilion and may conduct live entertainment and sporting events and festivals within the park through a special use permit as approved by the Property Manager.
- gifts, souvenirs, sundries, and other items normally associated with this type of business.
- rental of outdoor recreational equipment.
- Alcoholic beverage sales in accordance with this Lease and all laws and regulations

c) The Lessee shall provide interpretive displays within the facility that provide a history of the Pavilion. Such displays and interpretive information shall be approved by the Property Manager for content and accuracy.

d) The Lessee shall provide and maintain public access to one male and one female restroom/shower facility for guests to the Pavilion and the Park beach. The size of the facilities shall be agreed upon by the Lessee and the Lessor during the design process for the remodel and expansion of the existing Pavilion. If these services are not provided in the existing structure, the Lessee shall provide another structure as approved by the Lessor. All costs for the design, building, and maintenance of any new structure will be that of the Lessee. The Lessee will also provide cleaning, janitorial, and supply services for the required public restroom/shower facility whether in the existing structure or in any new structure.

e) The Lessee shall provide a supply/safety room and an employee room for the lifeguards employed by the Lessor. The Lessor shall be responsible for cleaning, janitorial and supply services for the lifeguard room.

f) **Preferential Rights.** In the event the Lessor determines that additional services are desired or needed in a location adjacent to or in the proximity of the Pavilion or within the Park and the Lessor determines that such additional services shall be provided by a person or entity other than the Lessor or State of Indiana, Lessor covenants to extend to the Lessee the preferential right to provide such additional services. This is a preferential right and not a monopolistic or exclusive right and is subject to existing laws and regulations. These additional services shall reflect the scope and nature of the original scope of this Lease and be consistent with the services usual and customary with the business as described in the original scope of the Lease. The Lessor reserves the right to determine what concession services are to be offered and made available to the public and where on the property these services are located. When appropriate and subject to all laws and regulations, the Lessor will request the Lessee to provide the needed additional services. If the Lessee doubts the necessity, desirability, timeliness, reasonableness, or practicability of such new or additional facilities, it will be allowed sixty (60) days in which to prepare and submit evidence to support its position. The Lessor will review all the evidence pertinent to the situation that is available and make the final decision in the matter.

If the decision is that the services are required; if space is available and usable therefore without interference with the operations and uses authorized by the terms of this Lease; and, if the Lessee does not advise the Lessor of its intent to exercise its preferential right in writing within sixty (60) days of receipt of notice of the Lessor's final decision, then, the Lessor may, in its discretion, authorize others to provide such services, or these services may be provided by the Lessor.

Nothing in this section shall prevent the Lessor from providing services or operating services within the Park as it deems fit and necessary to conduct normal services to park guests.

Section 3.02. Alcoholic Beverages.

Alcoholic beverages may be sold on the Licensed Premises defined herein provided that the Lessee applies for and receives the appropriate permit from the Indiana Alcohol and Tobacco Commission. The Lessee shall provide a copy of such granted permit to the Lessor. It is the responsibility of the Lessee to keep this permit up to date and valid, apply for all renewals and provide all required training for staff. The Lessee shall inform the Lessor in writing in the event the Lessee receives a violation notice, citation, or any notification of a violation from a law enforcement agency or the Commission. The Lessee shall then provide a plan of action in regard to any violation and also provide written notification of the outcome of any such violation. Alcoholic beverages shall be sold only for consumption on the Licensed Premises and no-carry out sales will be permitted. The "Licensed Premises" shall include any and all portion of the legal area contained within the legal description and survey of the Leased Real Estate shown on Exhibit D and an area appurtenant thereto that is included in and consistent with the permit granted to Lessee by the Indiana Alcohol and Tobacco Commission for Lessee's on-going, daily operation. Alcoholic beverages will not be permitted to be served elsewhere in the Park unless (i) IC 14-18-2-3(e) and 312-IAC 8-2-5 are amended so as to permit sale or public display of alcoholic beverages within other areas of the Park and (ii) Lessee receives appropriate consent of Lessor pursuant to the terms of this Lease or an appropriate permit from the DNR. Failure of the Lessee, due to the negligent action or inaction of Lessee, to maintain the Alcohol permit in good standing and subsequent loss of the permit shall not be grounds for the Lessee to receive Just Compensation from the Lessor under the Leasehold Surrender provision of the Lease.

Section 3.03. Minimum Days and Hours of Operation.

The Lessee shall keep the Pavilion open and available to patronage by the public in accordance with the following schedule. Any deviation from the schedule must be approved in advance and in writing by the Director of the Division of State Parks & Reservoirs, or his or her designee, unless circumstances beyond the control of either party make it necessary to take emergency action. In emergency situations, the Lessee must report the circumstances in writing to the Lessor at the earliest possible moment. In case of inclement weather, the facility may close early with the Property Manager's permission.

The minimum hours and days of operation shall be:

a) Following the receipt by Lessee of final occupancy permits following the renovation of the Pavilion, the Pavilion shall be open during the following periods each year of the Original Term and any renewals: (1) *May 1 through October 31*: lunch and dinner daily; (2) *November 1 through April 30*: a minimum of 12 hours per week. However, in order to avoid the frequent changing of hours and so that guests have some consistency of hours of operation, each 12 hour period shall be the same on a monthly basis and the Property Manager shall be notified of the winter monthly hours prior to the first day of the affected month. It is understood that emergencies or other situations that are either not avoidable or foreseeable may arise and shall be handled as provided in this Lease. The hours of operation shall be evaluated after the first year of operation during the Original Term and thereafter on an as-needed basis as determined by the parties.

b) Without the prior approval of the Property Manager, the Lessee shall not conduct weddings or group functions prior to 6:00 PM (local time) on Saturday or Sunday from and including Memorial Day Weekend through and including Labor Day each year of the Original Term and any renewals.

The Lessee may operate longer days and hours than indicated above without receiving the Property Manager's permission in accordance with any rules, regulations, laws pertaining to the type of business granted by this Lease. However, the Lessee's patrons will not be admitted to the Park after the close of the Park's gate during gate charge days unless they possess a valid campground registration for the park campground, or other overnight accommodations located with the Park. Significant changes to the Park's hours of operations that severely and adversely impact Lessee's business operations shall be grounds for just compensation under Section 5.20(a)(1).

Section 3.04. Rates and Prices.

All rates and prices charged by the Lessee for accommodations, merchandise and services furnished, rented or sold to the public shall be reasonable and similar to comparable venues in the area. The Lessee shall provide a list of maximum prices for all menus, meeting rooms, cover fees, gifts and souvenirs, rental equipment, entertainment, package offers, valet fees, and any other appropriate charges to the Director of the Division of State Parks and Reservoirs for approval. These price submissions shall be presented yearly by the last day of October prior to the next calendar year in which the prices will be effective. The Lessor will approve, or deny these prices in writing by December 1st. If the Lessor does not provide the Lessee an approval or denial by December 1st, the submitted prices will be considered approved. If the Lessor is

required to obtain the approval of the Natural Resources Commission (NRC), then the deadline for approval or denial of the prices shall be no later than the date of the next regularly scheduled meeting of the NRC. If Lessor and Lessee cannot reach agreement on prices, the Disputes provisions in this Lease will be utilized to set the prices.

Section 3.05. Standards.

The Lessee shall give the business daily, personal supervision and shall operate the business under the Lease according to law. The Lessee shall establish, maintain, and operate the Pavilion in such manner as to provide the prescribed services to the public according to the best standards prevailing for a similar business.

The Lessee shall either be present at the operation at all times that it is open for business or shall be represented by a responsible person in charge.

Standards and rules for sanitation and safety, as established by the Indiana Department of Health and the Indiana State Fire Marshal shall be followed.

Section 3.06. Promotional Activities.

Because the successful operation and use of the Pavilion may depend in part upon adequate advertising and promotional activities designed to acquaint the public with the kinds and availability of the facilities on and in the vicinity of the Leased Real Estate, such advertising and promotional activities as Lessee shall deem adequate shall be commenced as soon as reasonably possible and practical. The Lessor will consult with, advise and furnish information to the Lessee which will be of assistance in the preparation of promotional material as herein provided for. The form of all brochures, displays and other advertising and other similar matter to be used in connection with the operation of the properties, including any signs approved by the Lessor in or on the Leased Real Estate, shall indicate that the Leased Real Estate and its facilities are operated under a Lease with the Indiana Department of Natural Resources for the benefit and patronage of the public.

Section 3.07. Forms used by Lessee.

Lessee agrees to provide copies of documents/forms used in conjunction with the operation to Lessor. These include, but are not limited to: banquet contracts, rental agreements, dining tickets/POS reports, inventory forms, advances, deposit receipts, policies and other accountable forms. The Lessor reserves the right to approve, disapprove, or amend such documents/forms as deemed necessary.

Section 3.08. Visitation.

Except as specifically provided in this Lease, the Lessor does not guarantee a specific number of visitors to the property and accepts no responsibility for the lack of visitors for any reason. There may be instances where the Lessor may determine that in the best interest of the public, or in the best interest of the operation of the property, that the property may be closed which may cause the Leased Real Estate to also be closed. The Lessee agrees that they will follow directions from the Property Manager or from a delegate from the Lessor's Central Office during these instances. All effort will be made by the Lessor to keep this time to as short as possible, but there may be times when this may be out of the Lessor's discretion.

Section 3.09. Supervision by Property Manager.

The Lessor is responsible for the general management of the area on which the Pavilion is located. The day-to-day operation of the Lessee, with respect to the quality of service rendered, sanitation, maintenance and other operational matters as the Lessor may designate shall be determined by the Property Manager.

ARTICLE IV
Rent

Section 4.01. Minimum Rental Fee.

After the Lessee has received final occupancy permits following the renovation of the Pavilion and the Pavilion has been reopened and receiving revenue for thirty (30) days, the Lessee shall pay to the Lessor a Minimum Rental Fee with respect to each year of the Original Term, and any renewals, in the amount of \$18,000.00 per year payable in equal monthly payments. The Minimum Rental Fee shall be paid as specified in Section 4.05 below.

Section 4.02. Additional Rental Fee.

After the Lessee has received final occupancy permits following the renovation of the Pavilion and the Pavilion has been open and receiving revenue for 2 years, the Lessee shall pay the Lessor the Additional Rental Fee in addition to the Minimum Rental Fee. If the expansion of the Pavilion is not open and receiving revenue at the same time that the original Pavilion is renovated, any Additional Rental Fee attributable to the expansion of the Pavilion shall be paid beginning two years after the expansion of the Pavilion is open and receiving revenue. The Additional Rental Fee is determined as follows:

The Lessee shall pay the Lessor an Additional Rental Fee with respect to each year of the Original Term, and any renewals, in the amount equal to two percent (2%) of the gross receipts derived from the sale of

- food,
- non-alcoholic beverages,
- gifts,
- souvenirs,
- sundries,
- program and entertainment fees,
- and operationally maintained service charges,
- alcoholic beverages,
- meeting room, banquet room and conference room rental fees,
- recreational equipment rental,
- business equipment rental,
- revenues from subcontractors,
- valet fees,
- and any other revenue received by the Lessee and subcontractors conducting operations on the Leased Real Estate.

Section 4.03. Gross Receipts.

The term "Gross Receipts" as used herein shall be construed to include the entire amount of the actual sales or rental price, whether for cash or otherwise, of all sales or rentals of merchandise and service, and all other receipts from all businesses conducted in or from the Leased Real Estate, including, but without limitation to,

- food and beverage products,
- gifts,
- sundries,
- equipment rental,
- rental space fees,
- valet parking,
- program and entertainment fees,
- operationally maintained service charges,
- all receipts from mail or telephone orders received or filled at the Leased Real Estate,
- all deposits not refunded to purchasers or equipment renters, orders taken, although such orders may be filled elsewhere,
- interest or carrying charges collected
- sales by any subtenant, concessionaire, licensee or person otherwise in the Leased Real Estate,
- any receipts of future sales income derived from services approved by the Lessor, and
- any other income received by the Lessee or any subcontractor providing goods or services on the Leased Real Estate.

If any portion of the Pavilion shall be sublet by Lessee to any person, firm or corporation other than Lessee, then there shall be included in Gross Receipts for the purpose of fixing the Additional Rental Fee payable thereunder all the Gross Receipts of such Subcontractor for sales (each a "Subcontractor") made at the Leased Real Estate, in the same manner and with the same effect as if the business or sales or rentals of such Subcontractor had been conducted by Lessee itself. Gross Receipts shall not include however,

- receipts from any subcontractor of Lessee required pursuant to Section 14.05 below related to the Indiana Department of Family and Social Services Administration,
- discounts and/or allowances made to customers, or any sums collected and paid out for any sales or excise tax imposed by any duly constituted governmental authority,
- the amount of returns to shippers or manufacturers,
- the amount of any cash or credit refunds made upon any sale or rental where the merchandise or service sold or rented or some part thereof is thereafter returned by the purchaser or renter and accepted by the Lessee,
- sale of moveable or trade fixtures.

Advanced deposits for future services shall not be included in the calculation of the Additional Rent Fee until such time as the deposit is applied for the service provided, however, any interest accrued to the Lessee due to advanced deposits shall be included in the Gross Receipts. The Lessee shall maintain an accurate advanced deposit ledger showing date of deposit, refund of deposit, and deposit applied in a manner reasonably acceptable to the internal audit staff of the Lessor.

Each charge or sale upon installment or credit shall be treated as a sale for the full price in the month during which such charge or sale shall be made, irrespective of the time when Lessee shall receive payment (whether full or partial) therefore.

For coin operated devices, only the amount retained by the Lessee shall be recorded as a sale (as long as such devices provide only an incidental portion of Lessee's sales). Items which are sold at a convenience to the customer, but do not have any additional charges collected are exempt from rental fees. This would include, but is not limited to, items such as park entrance permits, fishing licenses, etc.

Section 4.04. Statements of an Accounting for Gross Receipts.

The Lessee shall keep and make available at the Leased Real Estate, or at a licensed accounting service facility, complete, true and accurate records of its Gross Receipts for the purpose of determining the amount of the Rental Fee and any Additional Rent payable with respect to each year of the Accounting Term. An Accounting Term equals a calendar year. The records shall be open for inspection from time to time by the Lessor or its duly authorized representative during the regular business hours and for a period of five (5) years after each statement of Gross Receipts is submitted. The records shall show inventories and receipts at the Leased Real Estate, and daily receipts from all sales and rentals and other transactions on or from the Leased Real Estate by Lessee and any other persons conducting business upon or from the Leased Real Estate. The records shall also include all Federal, State and local tax returns of Lessee relating to Lessee's Gross Receipts. The records shall be provided to the Lessor at the Leased Real Estate site or at another location as directed by the Lessor.

Section 4.05. Monthly Report and Payment of Rental Fee; Adjustment for Unexpected Costs.

Within thirty (30) days of the end of each month during the term of this Lease, Lessee shall submit to Lessor a report of Gross Receipts (hereinafter referred to as the "Monthly Report"), made from the Leased Real Estate during such month. The Monthly Report shall be accompanied by payment of the Minimum Rental Fee and any Additional Rent due for such month. In the event that Lessee is required to pay a cost or expense of a significant nature related to this Lease beyond what is described herein, Lessor and Lessee agree that they will meet and discuss the possible reallocation of such costs and expenses between Lessor and Lessee and, upon such agreement, make an appropriate adjustment to Additional Rent payments to account for such increased costs to Lessee.

Section 4.06. Annual Report and Payment of any Additional Rent.

On or before sixty (60) days after the end of each year of the Lease, Lessee shall submit to Lessor a report of Gross Receipts (hereinafter referred to as the "Annual Report") compiled by an independent Licensed Public Accountant which may be the Licensed Public Accountant customarily employed by the Lessee, made from the Leased Real Estate during such year. The

report shall show all the Gross Receipts for the entire year, a summary of the Monthly Reports and any Rental Fee and Additional Rent paid during such year. Any adjustments to any of the Monthly Reports previously submitted shall be noted and justified. Any amounts due for the Rental Fee or Additional Rental Fee above amounts previously paid shall be sent with the Annual Report. Any amounts owed to the Lessee due to adjustments to the Rental Fee or Additional Rental Fee shall be taken as a credit by the Lessee for the next reportable month.

Section 4.07. Audit.

The acceptance by Lessor of payments of any Rental Fees shall be without prejudice to the Lessor's right to an examination of Lessee's books and records of its Gross Receipts in order to verify the amount of Gross Receipts received by the Lessee in and from the Leased Real Estate. The Lessor shall have the right from time to time by its accountants and/or auditors or duly authorized representatives to audit all Annual Reports or other statements of Gross Receipts disclosed in any statement given to Lessor by Lessee for a period of three (3) years following the date of such delivery. In the event the audit shows an understatement of Gross Receipts in excess of four percent (4%) of the actual Gross Receipts, the expense of the audit shall be paid by Lessee. In the event the audit shows the rental payments actually due to be less than the amount of such rental payments paid by the Lessee, the amount by which the rental payments so paid exceeds the amount shown by the audit to have been actually due shall be applied by the Lessor on the next Monthly or Annual Report or refunded to the Lessee if paid with respect to the last year of the Accounting Term. In the event the audit shows that the Rental Fees actually due are more than the amount of such rental paid by the Lessee, the Lessee shall promptly pay to the Lessor the amount of the deficiency together with interest at the rate of eight percent (8%) per annum from the date such deficiency should have been paid.

Section 4.08. Failure to Prepare Reports.

If Lessee shall fail to prepare and deliver within the time herein specified any statement of Gross Receipts required hereunder, whether an Annual Report or otherwise, the Lessor may elect to treat Lessee's said failure as a breach of this Lease, entitling Lessor to terminate this Lease and Lessee's right to possession of the Leased Real Estate, but only after Lessor has given Lessee notice in writing as hereinafter provided. If Lessee fails to prepare and deliver a statement within thirty (30) days after receiving notice, Lessor may also elect to make an audit of all books and records of Lessee, including Lessee's bank accounts which in any way pertain to or show Gross Receipts and to prepare the statement or statements which Lessee has failed to prepare and deliver. Such audit shall be made and such statement or statements shall be prepared by an accountant selected by Lessor. The statement or statements so prepared shall be conclusive on Lessee, and the Lessee shall pay on demand all expenses of such audit and of the preparation of any such statements and all sums as may be shown by such audit to be due as the Rental Fee or any Additional Rent.

Section 4.09. Payments.

Rental checks are to be made payable to Department of Natural Resources and mailed to the Division of State Parks and Reservoirs, 402 W. Washington St., RM W298, Indianapolis, Indiana 46204 or otherwise as designated by the Lessor from time to time in a written instrument delivered to Lessee.

Section 4.10. Inspection and Lien.

To secure the payment of the Rental Fee the Lessor is given a lien on all personal property belonging to the Lessee which may be located on the Leased Real Estate and used in the operation of the business conducted under the Lease and, Lessee hereby authorizes the Lessor to file a Financial Statement, UCC-1. For purposes of clarity, this does not include a right of Lessor to take a security interest in this Lease. The Lessor reserves the right to enter the Leased Real Estate, without prior notification, at any time for inspection and/or investigative reasons.

ARTICLE V
Facility Development

Section 5.01. Plans and Specifications.

The Lessee shall submit plans and specifications for all structures and improvements to be constructed on the Leased Real Estate for the review and approval of Lessor. Construction of the facilities described in the plans and specifications shall not commence until Lessee receives Lessor's written approval; provided, however, such plans and specifications shall be deemed approved if written approval or denial of such plans and specifications is not received by Lessee within sixty (60) days of submission to Lessor.

The Lessor reserves the right to conduct on-site inspections of the facility to ensure proper adherence to applicable building codes. These include, but are not limited to, the Indiana Electrical Code, the Indiana Building Code, and NFPA 303. The Lessor has the right to cause the Lessee to cease and desist a portion of or the entire operation of the lease until corrections to the facility have been made to the satisfaction of the Lessor.

Section 5.02. Expansion of Facilities.

The Lessee shall have the right to expand the Pavilion and services provided at the Leased Real Estate provided that they are compatible with the facilities and services set forth and have prior written approval of the Lessor. If at any time the Pavilion is not in compliance as deemed by an annual compliance inspection, the Lessee may not expand the Pavilion.

Section 5.03. Use of Lessor Facilities.

The Lessee agrees to accept the Pavilion on an as-is basis. Any repairs or maintenance required shall be at the sole expense of the Lessee. The Lessor is responsible for maintaining the Park's roads, parking lots and other paving and snow removal in the Park. Lessee is also responsible for keeping the Leased Real Estate in a well-kept manner, including but not limited to: mowing, trimming, and invasive species removal. Invasive species removal shall be done in accordance with specifications from Lessor and the Park's Natural Resources Management Plan. The Lessor shall not be responsible for any loss of gross receipts, or products, due to the malfunction of any equipment owned by the Lessor.

Section 5.04. Preservation of Environment.

In the furtherance of the purpose and policy of the National Environmental Policy Act of 1969 (Public Law 91-90, 42 USC 4321, 4331-4335) and Executive Order 11514, entitled "Protection and Enhancement of Environmental Quality" March 5, 1970 (35 Federal Register 4247, March 7, 1970), the Lessee acknowledges the importance of the preservation and the elimination of environmental pollution. During construction and at all times during the Original Term, and any

renewals, Lessee shall comply with applicable Federal, State and local laws and regulations concerning environmental pollution and protection. Lessee shall take appropriate action to promote and foster (i) reduction of chemical vapors and control of engine exhaust gases and smoke from heaters; (ii) reduction of water pollution by control of sanitary facilities, storage of fuels and other contaminants, and control of turbidity and siltation from erosion; (iii) minimization of noise levels; (iv) on-and-off-site disposal of waste and spoil resulting from construction or operational activities; (v) prevention of landscape defacement and damage; (vi) provide a spill plan for hazardous materials.

Before any construction commences on the Leased Real Estate, the Lessee shall comply with all rules and regulations, both Federal and State, in regard to archeological and historical investigation. **This expressly stated and stressed in this Lease since the Pavilion is a significant state historical structure.** Lessee is responsible for filing and paying for, any and all permits required to conduct such investigations. Lessee is also responsible for obtaining an endangered species review from the appropriate Federal and state Fish and Wildlife offices. Any permits and associated fees in regard to the Federal Clean Water Act are also the responsibility of the Lessee.

Special Consideration for Historic Structures

None of the facilities are listed on the National Register of Historic Places, but some of the buildings not listed on the register may still fall under the regulation of the State Historic Preservation Office, due to their age and historic significance and as such historic preservation laws, standards and guidelines shall be followed by the Lessee.

Federal Historic Preservation Laws

These laws lay the foundation for the National Park Service (NPS) as the lead Federal preservation agency and for the national historic preservation partnership that includes NPS, other Federal agencies, Tribal Preservation Offices, State Historic Preservation Offices, Certified Local Governments, and private organizations.

Standards and Guidelines

Since their publication in 1976, the Secretary's Standards developed by the NPS have been used by State Historic Preservation Officers and the NPS to ensure that projects receiving Federal grant money or tax benefits were reviewed in a consistent manner nationwide. The principles embodied in the Standards have also been adopted by hundreds of preservation commissions nationwide in local design guidelines. While the Standards provide a consistent philosophical framework for treatment, the Guidelines suggest a model process to follow in the work, and thus assist in applying the Standards to historic buildings.

Section 5.05. Structures Erected by Lessee.

The Lessee may, during the term of this Lease, erect structures and provide equipment upon the Leased Real Estate, which temporary structures and equipment, unless otherwise provided herein, shall be and remain the property of the Lessee, if such structure is approved in writing by the Property Manager. All permanent structures will become property of the State of Indiana at the termination of the Lease. Permanent structures shall be any structure which is so affixed to the real estate to become part of the real estate. Before any new construction takes place, the

determination as to whether the structure shall be considered permanent or temporary shall be made by the Lessor in writing.

Section 5.06. Codes and Standards.

All projects shall meet and comply with the applicable portions of the latest editions of the standards and codes. Below is a partial list of the most frequently used codes and standards.

- Indiana Building Code - Uniform Building Code (UBC).
- Indiana Mechanical Code - Uniform Mechanical Code (UMC)
- Indiana Electrical Code - National Fire Protection Association (NFPA)
- National Electrical Code (NEC)
- Indiana Fire Prevention Code - Uniform Fire Code (UFC)
- IOSHA
- Indiana Energy Conservation Rules and Regulations
- Indiana Plumbing Code - Building Officials Code Administrators (BOCA)
- Structural Engineering Codes ACI –
- American Concrete Institute,
- AISC - American Institute Steel Construction
- ATI-American Timber Institute
- National Pollution Discharge Elimination System (NPDES)
- Campground Standard
- Swimming Pool Code
- Safe Drinking Water Act
- Americans with Disability Act (ADA)

The Lessee is responsible for assuring that any project has any and all permits needed for approval and completion of the project. The Lessee is also responsible for any fees associated in obtaining such permits.

Section 5.07. Surrender.

Upon the expiration of the term or earlier termination of this Lease, Lessee shall (a) surrender to Lessor the Leased Real Estate and the Lessee Improvements, in good order, condition and repair, wear and tear and the effects of time excepted and (b) remove from the Leased Real Estate and the Lessee Improvements all fixtures, signs, equipment and other personal property belonging to Lessee and Sub-lessees.

Section 5.08. Leasehold Surrender Interest.

This Article of this Lease establishes certain terms and conditions of the Lease regarding the nature, scope and applicable conditions of leasehold surrender interest. In event of any inconsistency between this section and other clauses of this Lease, this Article shall prevail.

Definitions

a) A “capital improvement” is a structure, fixture, or non-removable equipment provided by the Lessee pursuant to the terms of this Lease and located on lands of the Lessor within the Leased Real Estate. A capital improvement does not include any interest in land. Additionally, a capital improvement does not include any interest in personal property of any

kind including, but not limited to, vehicles, trailers, or other objects, regardless of size, unless an item of personal property becomes a fixture as defined in this section.

b) "Construction cost" of a capital improvement means the total of the incurred eligible direct and indirect costs necessary for constructing or installing the capital improvements that are capitalized by the Lessee in accordance with Generally Accepted Accounting Principles (GAAP).

c) "Consumer Price Index" means the national "Consumer Price Index--All Urban Consumers" published by the Department of Labor. If this index ceases to be published, the Lessor will designate another regularly published cost-of-living index approximating the national Consumer Price Index.

d) "Depreciation" means the loss of value in a capital improvement as evidenced by the condition and prospective serviceability of the capital improvement in comparison with a new unit of like kind.

e) "Eligible direct costs" means the sum of all incurred capitalized costs (in amounts no higher than those prevailing in the locality of the project), that are necessary both for the construction of a capital improvement and are typically elements of a construction contract. Eligible direct costs may include, without limitation, the costs of (if capitalized in accordance with GAAP and in amounts no higher than those prevailing in the locality of the project): building permits; materials, products and equipment used in construction; labor used in construction; security during construction; contractor's shack and temporary fencing; material storage facilities; power line installation and utility costs during construction; performance bonds; and contractor's (and subcontractor's) profit and overhead (including job supervision, worker's compensation insurance and fire, liability, and unemployment insurance).

f) "Eligible indirect costs" means, except as provided in the last sentence of this definition, the sum of all other incurred capitalized costs (in amounts no higher than those prevailing in the locality of the project) necessary for the construction of a capital improvement. Eligible indirect costs may include, without limitation, the costs of (if capitalized in accordance with GAAP and in amounts no higher than those prevailing in the locality of the project): architectural and engineering fees for plans, plan checks; surveys to establish building lines and grades; environmental studies; if the project is financed, the points, fees or service charges and interest on construction loans; all risk insurance expenses and ad valorem taxes during construction. The actual capitalized administrative expenses (in amounts no higher than those prevailing in the locality of the project did) of the Lessee for direct, on-site construction inspection are eligible indirect costs. Other administrative expenses of the Lessee are not eligible indirect costs.

g) "Fixtures and non-removable equipment" are manufactured items of personal property of independent form and utility necessary for the basic functioning of a structure that are affixed to and considered to be part of the structure such that title is with the Lessor as real property once installed. Fixtures and non-removable equipment do not include building materials (e.g., wallboard, flooring, concrete, cinder blocks, steel beams, studs, window frames, windows, rafters, roofing, framing, siding, lumber, insulation, wallpaper, paint, etc.). Except as

otherwise indicated in this article, the term “fixture” includes the term “non-removable equipment.”

h) “Leasehold surrender interest” solely means a right of Lessee to payment from the Lessor or a third party in accordance with this Lease for related capital improvements that the Lessee makes or provides within the area on lands owned by the Lessor pursuant to the terms and conditions of this Lease. The existence of a leasehold surrender interest does not give the Lessee, or any other person, any right to conduct business in a park area, to utilize the related capital improvements, or to prevent the Lessor or another person from utilizing the related capital improvements. The existence of a leasehold surrender interest does not include any interest in the land on which the related capital improvements are located.

i) “Leasehold surrender interest value” means the amount of compensation the Lessee is entitled to be paid by the Lessor or a third party for a leasehold surrender interest in capital improvements in accordance with this Lease. The leasehold surrender interest value in existing capital improvements under the terms of this Lease is an amount equal to:

1. The initial construction cost of the related capital improvement;
2. Adjusted by (increased or decreased) the same percentage increase or decrease as the percentage increase or decrease in the Consumer Price Index from the date the Lessor approves the substantial completion of the construction of the related capital improvement to the date of payment of the leasehold surrender interest value;
3. Less depreciation of the related capital improvement on the basis of its condition as of the date of termination or expiration of this Lease, or, if applicable, the date on which the Lessee ceases to utilize a related capital improvement (e.g., where the related capital improvement is taken out of service by the Lessor pursuant to the terms of this Lease).

j) “Major rehabilitation” means a planned, comprehensive rehabilitation of an existing structure that:

1. The Lessor approves in advance and determines is completed within 18 months from start of the rehabilitation work (unless a longer period of time is approved by the Lessor in special circumstances); and
2. The construction cost which exceeds two hundred fifty thousand dollars (\$250,000).

k) “Pre-rehabilitation value” of an existing structure means the replacement cost of the structure less depreciation.

l) “Real property improvements” means real property other than land, including, but not limited to, capital improvements.

m) “Related capital improvement” or “related fixture” means a capital improvement in which the Lessee has a leasehold surrender interest.

n) “Replacement cost” means the estimated cost to reconstruct, at current prices, an existing structure with utility equivalent to the existing structure, using modern materials and current standards, design and layout.

o) “Structure” means a building, or similar edifice affixed to the land so as to be part of the real estate. A structure may include both constructed infrastructure (e.g., water, power and sewer lines) and constructed site improvements (e.g., paved roads, retaining walls, sidewalks, paved driveways, paved parking areas) that are permanently affixed to the land so as to be part of the real estate and that are in direct support of the use of a building, or similar edifice. Solid surface landscaping that is integral to the construction of a structure is considered as part of a structure. Planted material landscaping is not considered part of the structure. Interior furnishings that are not fixtures are not part of a structure.

p) “Substantial completion of a capital improvement” means the condition of a capital improvement construction project when the project is substantially complete and ready for use and/or occupancy.

Section 5.09. Obtaining a Leasehold Surrender Interest.

The Lessee will obtain leasehold surrender interest in capital improvements constructed in accordance with the terms and conditions of this Lease, including, without limitation, rehabilitation and expansion of the Pavilion.

Procedures for Establishing the Value of a Leasehold Surrender Interest

At any time during the Original Term of this Lease, the Lessee shall, when requested by the Lessor, enter into negotiations with the Lessor as to the value of the Lessee’s Leasehold Surrender Interest under this Lease. In the event that such negotiations fail to determine an agreed upon value within a reasonable period of time as determined by the Lessor, the Lessor or the Lessee may initiate dispute proceedings to determine such value upon written request to the other party. This Disputes process shall also provide a means to calculate the change in the value of such Leasehold Surrender Interest as may occur for up to two (2) years from the date of the initial determination.

Compensation for Personal Property

No compensation is due the Lessee from the Lessor or a successor lessee for the Lessee’s personal property used in operations under this Lease. However, the Lessor or a successor lessee may purchase such personal property from the Lessee subject to mutually agreed upon terms. Personal property not removed from the Leased Real Estate by the Lessee in accordance with the terms of this Lease shall be considered abandoned property subject to disposition by the Lessor, at full cost and expense of the Lessee, in accordance with Applicable Laws. Any cost or expense incurred by the Lessor as a result of such disposition may be offset from any amounts owed to the Lessee by the Lessor to the extent consistent with Applicable Laws.

Section 5.10. Authorizing the Construction of a Capital Improvement.

The Lessor may only authorize the Lessee to construct capital improvements on the Lease Real Estate in accordance with the terms and conditions of this Lease and for the conduct by the Lessee of visitor services, including, without limitation, the construction of capital improvements necessary for the conduct of visitor services.

Section 5.11. Requirements for Beginning to Construct a Capital Improvement.

Before beginning to construct any capital improvement, the Lessee must obtain written approval from the Lessor in accordance with the terms of this Lease, including the terms and conditions of this section. The request for approval must include appropriate plans and specifications for the capital improvement and any other information that the Lessor may specify. The request must also include an estimate of the total construction cost of the capital improvement. The estimate of the total construction cost must specify all elements of the cost in such detail as is necessary to permit the Lessor to determine that they are elements of construction cost as defined in this section. (The approval requirements of this and other sections of this Lease also apply to any change orders to a capital improvement project and to any additions to a structure or replacement of fixtures as described in this Lease.)

Section 5.12. Requirements after Substantial Completion of a Capital Improvement.

Upon substantial completion of the construction of a capital improvement in which the Lessee is to obtain a leasehold surrender interest, the Lessee must provide the Lessor a detailed construction report in accordance with the terms and conditions of this Lease, including without limitation this article. The construction report must be supported by actual invoices of the capital improvement's construction cost together with, if requested by the Lessor, a written certification from a certified public accountant. The construction report must document, and any requested certification by the certified public accountant must certify, that all components of the construction cost were incurred and capitalized by the Lessee in accordance with GAAP, and that all components are eligible direct or indirect construction costs as defined in this article. Invoices for additional construction costs of elements of the project that were not completed as of the date of substantial completion may subsequently be submitted to the Lessor for inclusion in the project's construction cost.

Section 5.13. Determining Construction Cost for Purposes of Leasehold Surrender Interest Value.

After receiving the detailed construction report (and certification, if requested), from the Lessee, the Lessor will review the report, certification and other information as appropriate to determine that the reported construction cost is consistent with the construction cost approved by the Lessor in advance of the construction and that all costs included in the construction cost are eligible direct or indirect costs as defined in this section. The construction cost determined by the Lessor will be the final determination of construction cost for purposes of the leasehold surrender interest value in the related capital improvement unless the Lessee requests dispute resolution of the construction cost as provided in Section 5.14 and Section 14.14. The Lessor may at any time review a construction cost determination, if the Lessor has reason to believe that it was based on false, misleading or incomplete information.

Section 5.14. Dispute Resolution of the Construction Cost of a Capital Improvement.

If the Lessee disagrees with Lessor's determination of the construction cost of a capital improvement determined by the Lessor, Lessee must follow the dispute resolution process under Section 14.14.

Section 5.15. Actions the Lessee May or Must Take Regarding Leasehold Surrender Interest.

The Lessee

- a) May encumber a leasehold surrender interest in accordance with the terms of this Lease;
- b) Where applicable, must transfer its leasehold surrender interest in connection with any assignment, termination or expiration of this Lease; and
- c) May waive or relinquish a leasehold surrender interest.

Section 5.16. Extinguishment of Leasehold Surrender Interest.

A leasehold surrender interest shall expire at the end of the Original Term. However, the Lessee may request a new Leasehold Surrender Interest if the Lessee, pursuant to the provisions of Section 5.08, completes an additional substantial capital improvement project as approved by the Lessor and as allowed by the terms of the Lease. The new Leasehold Surrender Interest shall follow all the terms and conditions as set forth by this section and shall expire at the end of fifteen (15) years from the award of the new Leasehold Surrender Interest. A leasehold surrender interest may not be taken for public use except on payment of just compensation. Payment of leasehold surrender interest value pursuant to the terms of this Lease will constitute the payment of just compensation for leasehold surrender interest within the meaning of this Lease and for all other purposes.

Section 5.17. Process for Determining Leasehold Surrender Interest Value.

In the event that the Lessee and the Lessor cannot reach agreement as to a leasehold surrender interest value where required by the terms of this Lease, the Lessor will make a final determination of leasehold surrender interest value unless the Disputes procedure herein is invoked as to the value is requested by the Lessee. A prior decision as to the construction cost of capital improvements made by the Lessor or through the Disputes process is final.

Section 5.18. Obtaining Additional Leasehold Surrender Interest by Undertaking a Major Rehabilitation or Adding to a Structure for which the Lessee has a Leasehold Surrender Interest.

If the Lessee, with the written approval of the Lessor, undertakes a major rehabilitation or adds a new structure (e.g., a new wing to an existing building or a new structure) to an existing structure in which the Lessee has a leasehold surrender interest, the Lessee will increase its leasehold surrender interest in the related structure, effective as of the date of substantial completion of the major rehabilitation or new structure, by the construction cost of the major rehabilitation or new structure. The Consumer Price Index adjustment for leasehold surrender interest value purposes will apply to the construction cost as of the date of substantial completion of the major rehabilitation or new structure. Approvals for major rehabilitations and additions to structures are subject to the same requirements and conditions applicable to new construction as described in this Lease.

Section 5.19. Just Compensation.

The compensation provided by this Section shall constitute full and just compensation to the Lessee for all losses and claims occasioned by the circumstances described below.

a) Compensation for Lease Termination

1. If the Lessee shall no longer be able to conduct its business in the ordinary course or shall cease to be authorized by the Lessor to conduct operations under this Lease, the Lessee shall convey to a person designated by the Lessor (including the Lessor if appropriate) any Leasehold Surrender Interest it has under the terms of this Lease and the Lessor shall, subject to the terms and conditions of this Lease, either (i) pay the Lessee the Leasehold Surrender Value or (ii) assure that the Lessee is paid the Leasehold Surrender Interest Value by a third party.
2. If the Lessor terminates the lease for convenience under Section 14.17(h) of the Lease, the Lessee shall be paid by the Lessor an amount equal to one hundred percent (100%) of the Leasehold Surrender Interest.
3. If the Lessor terminates the Lease for just cause, the Lessee shall be paid by the Lessor an amount equal to fifty percent (50%) of the Leasehold Surrender Interest.
4. If the Lessee terminates the Lease, the Lessee shall not be entitled to any payment from the Lessor for the Leasehold Surrender Interest.

Section 5.20. Sale of Business.

At any time during the Original Term, the Lessee shall have the right to sell the Lessee's business and improvements for "just cause" to a party approved by the Lessor. The Lessor reserves the right to be a third party in the negotiations for sale.

Section 5.21. No Unnamed Partners.

The Lessee assures that there are no unnamed partners legally interested in or having authority over the operation or management of the business and further assures that the Lessee is responsible for carrying out the duties as written in the Lease.

ARTICLE VI
Maintenance

Section 6.01. Lessee's Obligation.

Throughout the Original Term, and any renewals, Lessee shall, at its own expense, keep the Leased Real Estate and any improvements erected thereon in good condition and repair at all times, reasonable wear and tear and the effects of time excepted. The Lessee shall not permit refuse, trash or garbage to accumulate or to gather in or about any of the buildings, structures or facilities on the Leased Real Estate and shall provide and use suitable covered trash and garbage receptacles. The Lessee shall, at its own expense, remove and dispose of all garbage, rubbish and trash in a manner satisfactory to the Lessor and in compliance with the Indiana Department of Health regulations and all other applicable laws, regulations, and ordinances.

Section 6.02. Use.

The Lessee shall not permit or suffer any objectionable use of the Leased Real Estate which might or does constitute a public nuisance or be in violation of any law, ordinance or regulation legally applicable to the use of the Leased Real Estate.

Section 6.03. Failure to Maintain Leased Real Estate.

If the Lessee fails to maintain the Leased Real Estate as provided in Section 6.01, the Lessor may either terminate this Lease as provided in Article XIV (after giving proper notice) or may cause such repairs, replacements to be made and the cost of any such repairs or replacements made by the Lessor (including the cost of materials, supplies and labor) shall be an Additional Rental payable by the Lessee on or before thirty (30) days after Lessor completes said repairs and submits an itemized statement of the cost of said repairs to Lessee. The Lessee shall pay the cost of such work, whether performed by the Lessor or by others, at the discretion of the Lessor. This payment shall be made without protest.

Section 6.04. Sanitation and Cleanliness.

The Lessee shall perform cleaning and janitorial services within the Leased Real Estate. These services include, but are not limited to, the cleaning of all floors, windows, and fixtures, and the replacement of light bulbs. The Lessee shall keep the premises occupied under the Lease in a clean and sanitary condition and in conformity with standards and rules for sanitation and public health. The Lessee agrees to pay the cost of trash removal for the Leased Real Estate.

The Lessee shall maintain standards of cleanliness which will reflect favorable public opinion on the Lessee and the Lessor. The Lessor may perform or have others perform the duties of the Lessee under this Section, if the Lessor determines the Lessee has failed to maintain an acceptable standard of cleanliness. The Lessee shall pay the cost of such work, whether performed by the Lessor or by others, at the discretion of the Lessor. This payment shall be made without protest and within the specified time as indicated by the invoice provided by the Lessor.

ARTICLE VII
Employees

Section 7.01. Lessee's Employees.

Lessee will employ only competent and orderly employees, who will keep themselves as neat and clean as is consistent with the work being performed, and who will accord as courteous and competent treatment and service to all guests and patrons as is commensurate with the nature of employment of each of them and with the common good of all guests and patrons. The Lessor reserves the right to discuss complaints with the Lessee in regard to employee conduct. In some cases, the Lessor may even recommend termination of said employee. Lessee will investigate such complaint and report findings and resolution to the Lessor.

The Lessee shall operate the Leased Real Estate in a business-like manner and must maintain a high standard of conduct.

Section 7.02. Employee's Uniforms.

Employees of the Lessee shall wear some means as to identify them as employees of the Lessee. The Lessor, through the Property Manager, has the right to approve such means of identification.

Section 7.03. Independent Contractor.

Both parties hereto, in the performance of this Lease, will be acting in an individual capacity and not as agents, employees, partners, joint ventures or associates of one another. The employees or agents of one party shall not be deemed or construed to be the employees or agents of the other party for any purposes whatsoever. Neither party will assume any liability for any injury (including death) to any persons, or any damage to any property arising out of the acts or omissions of the agents, employees or subcontractors of the other party. The Lessee shall be responsible for providing all necessary unemployment and worker's compensation insurance for the Lessee's employees.

Section 7.04. Status of Lessee.

The Lessee is not an employee of the State of Indiana or of the Lessor. The Lease does not vest in the Lessee any title, tenure or any property belonging to the Lessor located on or around the premises to be occupied by the Lessee or anyone employed by the Lessee.

Section 7.05. Drug-Free Certification.

The Lessee hereby covenants and agrees to make a good faith effort to provide and maintain a drug free workplace. The Lessee will give written notice to the Lessor within ten (10) days after receiving actual notice that the Lessee or an employee of the Lessee in the State of Indiana has been convicted of a criminal drug violation occurring in the workplace. False certification or violation of this certification may result in sanctions including, but not limited to, suspension of contract payments, termination of this Lease and/or debarment of contracting opportunities with the State for up to three (3) years.

In addition to the provisions of the above paragraphs, if the total contract amount set forth in this Lease is in excess of \$25,000.00, the Lessee hereby further agrees that this Lease is expressly subject to the terms, conditions, and representations of the following certification: This certification is required by Executive Order No. 90-5, April 12, 1990, issued by the Governor of Indiana. No award of a contract shall be made, and no contract, purchase order or agreement, the total amount of which exceeds \$25,000.00, shall be valid, unless and until this certification has been fully executed by the Lessee and made a part of the lease or agreement as part of the lease documents.

The Lessee certifies and agrees that it will provide a drug-free workplace by:

- A. Publishing and providing to all of its employees a statement notifying them that the unlawful manufacture, distribution, dispensing, possession or use of a controlled substance is prohibited in the Lessee's workplace, and specifying the actions that will be taken against employees for violations of such prohibition;
- B. Establishing a drug-free awareness program to inform its employees of (1) the dangers of drug abuse in the workplace; (2) the Lessee's policy of maintaining a drug-free workplace; (3) any available drug counseling, rehabilitation and employee

assistance programs; and (4) the penalties that may be imposed upon an employee for drug abuse violations occurring in the workplace;

- C. Notifying all employees in the statement required by subparagraph (A) above that as a condition of continued employment, the employee will (1) abide by the terms of the statement; and (2) notify the Lessee of any criminal drug statute conviction for a violation occurring in the workplace no later than five (5) days after such conviction;
- D. Notifying the Lessor in writing within ten (10) days after receiving notice from an employee under subdivision (C)(2) above, or otherwise receiving actual notice of such conviction;
- E. Within thirty (30) days after receiving notice under subdivision (C)(2) above of a conviction, imposing the following sanctions or remedial measures on any employee who is convicted of drug abuse violations occurring in the workplace: (1) taking appropriate personnel action against the employee, up to and including termination; or (2) requiring such employee to satisfactorily participate in a drug abuse assistance or rehabilitation program approved for such purposes by a federal, state or local health, law enforcement, or other appropriate agency; and
- F. Making a good faith effort to maintain a drug-free workplace through the implementation of subparagraphs (A) through (E) above.

Section 7.06. Nondiscrimination.

Pursuant to the Indiana Civil Rights Law, specifically including IC 22-9-1-10, and in keeping with the purposes of the federal Civil Rights Act of 1964, the Age Discrimination in Employment Act, and the Americans with Disabilities Act, the Lessee covenants that it shall not discriminate against any employee or applicant for employment relating to this Lease with respect to the hire, tenure, terms, conditions or privileges of employment or any matter directly or indirectly related to employment, because of the employee or applicant's: race, color, national origin, religion, sex, age, disability, ancestry, status as a veteran, or any other characteristic protected by federal, state, or local law ("Protected Characteristics"). Furthermore, Lessee certifies compliance with applicable federal laws, regulations, and executive orders prohibiting discrimination based on the Protected Characteristics in the provision of services. Breach of this covenant may be regarded as a material breach of this Lease, but nothing in this covenant shall be construed to imply or establish an employment relationship between the Lessor and any applicant or employee of the Lessee or any subcontractor.

Section 7.07. Indemnification.

The Lessee agrees to indemnify, defend, and hold harmless the Lessor, its agents, officials, and employees from any liability from all claims and suits of any kind, including court costs, attorney's fees, and other expenses, caused by any negligent act or negligent omission of the Lessee and/or its subcontractors, agents and employees if any, in the performance of this Lease.

Section 7.08. Debarment and Suspension.

a) The Lessee certifies by entering into this Lease that neither it nor its principals nor any of its subcontractors are presently debarred, suspended, proposed for debarment, declared

ineligible or voluntarily excluded from entering into this Lease by any federal agency or by any department, agency or political subdivision of the State of Indiana. The term "principal" for purposes of this Lease means an officer, director, owner, partner, key employee or other person with primary management or supervisory responsibilities, or a person who has a critical influence on or substantive control over the operations of the Lessee.

b) The Lessee certifies that it has verified the state and federal suspension and debarment status for all subcontractors receiving funds under this Lease and shall be solely responsible for any recoupment, penalties or costs that might arise from use of a suspended or debarred subcontractor. The Lessee shall immediately notify the Lessor if any subcontractor becomes debarred or suspended, and shall, at the Lessor's request, take all steps required by the Lessor to terminate its contractual relationship with the subcontractor for work to be performed under this Lease.

ARTICLE VIII Utilities

Section 8.01. Utilities.

The Lessee shall be responsible for furnishing such utilities to the facilities on the Leased Real Estate and shall pay for all such utilities. Nothing in the Lease shall be construed to indicate that the Lessor shall furnish or be responsible for the payment of electricity, fuel of any type, water or telephone service to the facilities located on the Leased Real Estate. Should any such services not be available or sufficient, the Lessee may secure the same from sources from outside the area, or it may install, at its own expense, all necessary plants, machinery and equipment to provide such services, after first having received permission from the Lessor. Lessor agrees to assist and cooperate with Lessee in every reasonable way possible in procuring any utility, facility, service, permit, license or approval needed by Lessee for the full utilization of the Leased Real Estate. The Lessor shall not be under any responsibility or liability whatsoever for the quality, quantity, impairment, interruption, stoppage or other interference with service involving water, heat, gas, electric current for light and power, telephone or any other service or utility.

The Lessee shall pay all metered utilities as billed by the utility company or directly by the park. The Lessee shall provide any telecommunication service as necessary to conduct business under the lease. Lessor shall provide sewer utility service to Lessee at no cost for the term of the Lease.

ARTICLE IX Use

Section 9.01. Use.

The Leased Real Estate shall be occupied and used solely for the purpose of conducting the business of operating the business as described in "Scope of Service," and other related services approved by the Department of Natural Resources or Property Manager, as applicable.

ARTICLE X
Insurance and Indemnification

Section 10.01. Insurance.

a) The Lessee shall secure and keep in force during the term of this Lease, the following insurance coverage, covering the Lessee for any and all claims of any nature which may in any manner arise out of or result from Lessee's performance under this Lessee:

1. Commercial general liability, including contractual coverage, and products or completed operations coverage (if applicable), with minimum liability limits of \$700,000 per person and \$2,000,000 per occurrence unless additional coverage is required by the Lessor. The Lessor is to be named as an additional insured on a primary, non-contributory basis for any liability arising directly or indirectly under or in connection with this Lessee.
2. The Lessee shall at all times during construction and expansion of the Pavilion, keep or cause to be kept, performance bonds or performance insurance in respect to contracts Lessee may enter into for construction and expansion of the Pavilion. Lessee shall also maintain insurance after completion of the Pavilion against loss or damage from causes customarily insured against in an amount at least equal to one hundred percent (100%) of the cost of improvements made by Lessee to the Pavilion. The Lessee shall provide proof of such insurance coverage by tendering to the undersigned Lessor representative a certificate of insurance prior to the commencement of this Lease and proof of worker's compensation coverage meeting all statutory requirements of IC 22-3-2. In addition, proof of an "all states endorsement" covering claims occurring outside the State is required if any of the services provided under this Lease involve work outside of Indiana.

b) The Lessee's insurance coverage must meet the following additional requirements:

1. The insurer must have a certificate of authority issued by the Indiana Department of Insurance.
2. Any deductible or self-insured retention amount or other similar obligation under the insurance policies shall be the sole obligation of the Lessee.
3. The State will be defended, indemnified and held harmless to the full extent of any coverage actually secured by the Lessee in excess of the minimum requirements set forth above. The duty to indemnify the State under this Lease shall not be limited by the insurance required in this Lease.
4. The insurance required in this Lease, through a policy or endorsement(s), shall include a provision that the policy and endorsements may not be canceled or modified without thirty (30) days' prior written notice to the undersigned State agency. Failure to provide insurance as required in this Lease may be deemed a material breach of contract entitling the State to immediately terminate this Lease.

The Lessee shall furnish a certificate of insurance and all endorsements to the Lessor before the commencement of this Lease.

Section 10.02. Liability.

The Lessee agrees to indemnify and to hold the Lessor harmless against any liability for environmental damages caused by Lessee or its employees.

Section 10.03. Surety Bond.

The Lessee shall, as a condition precedent to entry of this Lease, furnish the Lessor with a surety bond conditioned upon faithful performance of the Lessee under this Lease. The value of the bond shall be one hundred thousand dollars (\$100,000).

The surety bond must be approved by the Director of the Division of State Parks and Reservoirs before the Lessee is deemed to have complied with this provision. The concession will not open until this bond is in the Lessor's office. In lieu of the Surety Bond, the Lessee may provide a cash bond to the Lessor in the form of a Certificate of Deposit. This certificate must be written in the name of the Lessor and will be held by the Lessor until the end of the Original Term and any renewals and the complete payment of monies owed to the Lessor has been made. Upon this successful completion, the Lessor shall return the certificate to the Lessee. If the Lessee exercises this option in lieu of providing a surety bond, the face value of the certificate shall be in the same amount as the required bond as indicated above, and be in the possession of the Lessor before the Lessee will be allowed to open for business.

In lieu of the Surety Bond or cash bond in the form of a Certificate of Deposit, the Lessee may provide the Lessor advanced payment of the rental fees. The amount of the advanced payment shall be determined by the Director of the Division of State Parks and Reservoirs, or his/her designee and shall be payable before the operation is allowed to open for the season. Monthly reports as described under Section 3.05, shall still be required to be completed and sent to the Director of the Division of State Parks and Reservoirs or his/her designee. The monthly payment shall be deducted from the advanced payment held by the Lessor. If the advanced payment amount is depleted, the Director of the Division of State Parks and Reservoirs may require an additional advanced payment to be sent to the Central Office. Any unused balance at the end of the season will be refunded via a claim voucher submitted by the Lessee to the Lessor. The amount of the initial advanced payment shall be ten thousand dollars (\$10,000).

ARTICLE XI

Damage to Leased Real Estate

Section 11.01. Damage to Leased Real Estate.

If at any time the improvements constituting part of the Leased Real Estate shall be destroyed, or damaged to such extent that such improvements cannot be used by Lessee, Lessee shall, at its own expense, promptly restore such improvements to their former condition by rebuilding, repairing or replacing the same. Under no circumstance shall Lessee have any liability to Lessor or the State of Indiana for any amount in excess of the insurance proceeds received by Lessee in connection with an event described in this Section 11.01 or any other circumstances.

ARTICLE XII
Taking by Eminent Domain

Section 12.01. Taking by Eminent Domain.

If, during the Original Term and any renewals, the Leased Real Estate or any substantial portion thereof shall be taken as a result of the exercise of the power of eminent domain, this Lease shall terminate and each party shall look to the taking authority for compensation for any and all damage, loss or injury suffered as a result of such taking. The term "substantial" shall mean any taking of more than fifty percent (50%) of the entire area constituting the Leased Real Estate. Should less than a substantial portion of the Leased Real Estate be taken and the Leased Real Estate can be used by the Lessee for the operation of its business, then an apportionate reduction in the Minimum Rental payable hereunder, taking into consideration the area taken, shall be agreed upon and this Lease shall continue in full force and effect as so modified.]

ARTICLE XIII
Default and Remedies

Section 13.01. Rights on Lessee's Default.

If the Lessee defaults on its covenants to pay rent, or if the Lessee defaults on any other of its obligations under the Lease and such default continues for thirty (30) days after the receipt of written notice of the existence of such default (time being of the essence of this provision of this Lease), or if the Lessee shall abandon or vacate the Leased Real Estate before the end of the Original Term and any renewals, the Lessor, in any of such events, may thereupon take possession of the Leased Real Estate and relet the same or any portion thereof (which reletting may be for a term extending beyond the term of this Lease) without such action being deemed an acceptance of a surrender of this Lease or in any way terminating the Lessee's liability hereunder; and the Lessee shall remain liable to pay the Minimum Rent herein reserved, less the net amount realized from such reletting, after deduction of any expenses incident to such repossession and reletting, or the Lessor at its option may without further notice terminate this Lease. Should the sum realized from such reletting by the Lessor, after deducting the cost of expense of repairs or alterations and the expense of reletting, be less than the Minimum Rent reserved herein, the Lessee agrees to pay such deficiency each month upon demand therefore.

Section 13.02. Bankruptcy.

In the event the Lessee:

- is adjudicated as bankrupt;
 - has a receiver in equity appointed for its property and the appointment for such receiver is not set aside in ninety days, or requests or consents to the appointment of a receiver;
 - has a trustee in reorganization appointed for its property and the appointment of such trustee is not set aside within ninety (90) days;
 - files a voluntary petition for reorganization or arrangement;
 - files a voluntary petition in bankruptcy;
 - files an answer admitting bankruptcy or agreeing to a reorganization or arrangement;
 - makes an assignment for the benefit of its creditors;
- or
- permits the leasehold interest of the Lessee hereunder to be sold pursuant to execution:

then in any such events, the Lessor may, at its option, terminate this Lease and immediately take possession of the Leased Real Estate, using such force as may be necessary without being deemed guilty of trespass or forcible entry.

Section 13.03. Liquidated Damages Where No Termination.

This Lease has been established to provide services, goods, or both to the general public and the citizens of the State of Indiana. The Lessee's failure to comply with the various provisions of the Lease may cause a loss of services or goods to those visitors, and also may cause untimely delays in the administration of this Lease, depriving the Lessor of the agreed upon services or causing loss of revenue. The Lessee's failure to comply with the provisions of this Lease, will subject the Lessee to a system of liquidated damages as stated below. Acts of God that cause delays or failure to comply with the Lease are not subject to Liquidated damages as set forth below.

Violations which occur in any Section of the Lease may result in untimely delays in the administration of the Lease or a loss of services to the public. The Lessee will be provided with a "Notice of Violation" stating which provision has been violated and a date by which the stated violation must be corrected. If the violation has not been corrected by the date specified, the Lessee agrees to pay the Lessor liquidated damages in the sum of \$500.00.

If the violation has still not been corrected after a period of seven (7) days after the specified date, the Lessee agrees to pay an additional \$500.00 in liquidated damages. An additional \$500.00 fine shall be imposed for each additional seven (7) day period of time until the violation has been corrected. Continued failure to correct this violation may result in immediate termination.

The system of progressive liquidated damages is supplemental to and not in lieu of the Lessee performing according to the Lease provisions and multiple violations may be grounds for immediate termination of the Lease. The Lessor reserves the right to waive damages. The decision of the Lessor is final. Violations of the above listed Sections may be cause for the Lessor to terminate the Lease immediately, examples of which include, but are not limited to, discourteousness to the public, insurance cancellation, bond cancellation, alcohol abuse, and other circumstances which could cause harm to the public or the Lessor, or reflect adversely on the Lessor. In the event of Termination, the applicable provisions of Section 14.17 and Section 5.19 apply.

Section 13.04. Default in Performance of Covenant - Lessee.

In the event the Lessee shall be in default of any of the covenants contained herein, other than the covenant to pay rent, and such default continues for thirty (30) days after the receipt of written notice of the existence of such default (time being of the essence of this provision of this Lease), the Lessor may perform any covenant of the Lessee as to which the Lessee is in default, and any and all sums paid by Lessor in performance of such covenants, plus interest charges of eight percent (8%) per annum for amounts paid shall be Additional Rental and shall be paid by the Lessee as such. All Rental payments as to which the Lessee is in default shall bear interest at the rate of eight percent (8%) per annum until paid.

Section 13.05. Waiver of Lessee's Default.

No waiver of any covenant or condition or the breach of any covenant or condition of this Lease shall be taken to constitute a waiver of any subsequent breach of such covenant or condition nor to justify or authorize the non-observance on any other occasion of the same or of any other covenant or condition hereof, nor shall the acceptance of rent by Lessor at any time when Lessee is in default under any covenant or condition herein, be construed as a waiver of such default or of Lessor's right to terminate this Lease on account of such default, nor shall any waiver or indulgence granted by Lessor to Lessee be taken as an estoppel against Lessor, it being expressly understood that if at any time Lessee shall be in default in any covenants or conditions hereunder an acceptance by Lessor of rental during the continuance of such default or the failure on the part of Lessor promptly to avail itself of such other rights or remedies as Lessor may have, shall not be construed as a waiver of such default, but Lessor may at any time thereafter, if such default continues, terminate this Lease on account of such default in the manner herein before provided.

Section 13.06. Leasehold Mortgages.

Lessee shall have the right at any time during the Term to grant one or more Mortgages of the Lessee Improvements separately from interests in any other property owned or leased from time to time by Lessee. The execution and delivery of any Mortgage shall not be deemed to constitute an assignment of this Lease, and no Mortgagee shall be (a) deemed to be an assignee of this Lease or (b) required to assume the performance of any of the terms, conditions, covenants or agreements of this Lease to be performed by Lessee. Lessee shall (a) give Lessor prompt written notice of the execution and delivery of each Mortgage and (b) furnish to Lessor a true, accurate and complete copy thereof. Under no circumstances shall Lessee attempt to mortgage any property belonging to the Lessor or State of Indiana.

Section 13.07. Rights of Mortgagees upon an Event of Default.

For a period of sixty (60) days after the later of (a) receipt by a Mortgagee of a Notice of Default or (b) the expiration of the applicable cure period for the Event of Default specified in such Notice of Default, that Mortgagee shall have the right to cure or cause to be cured the Event of Default, and Lessor shall accept performance by a Mortgagee as performance by Lessee. If a Mortgagee notifies Lessor within such period of sixty (60) days that it intends to obtain possession of the Leased Real Estate, the Lessee Improvements and/or a part thereof, appoint a receiver for the Leased Real Estate, the Lessee Improvements and/or a part thereof or foreclose its Mortgage, then Lessor shall not terminate or take action to effect a termination of this Lease without first giving to that Mortgagee a reasonable period of time within which it may (a) obtain possession of the Leased Real Estate, the Lessee Improvements and/or the part thereof encumbered by the Mortgage and cure or cause to be cured such Event of Default, (b) perfect the appointment of a receiver for the Leased Real Estate, the Lessee Improvements and/or the part thereof encumbered by the Mortgage and cure or cause to be cured such Event of Default or (c) institute and complete foreclosure proceedings or otherwise acquire the Lessee Improvements and/or the part thereof encumbered by the Mortgage; provided that no Mortgagee shall be required to continue in possession, continue a receivership or continue foreclosure proceedings after such Event of Default has been cured.

Section 13.08. Extension to Cure and Foreclose.

If Lessor elects to terminate this Lease for any Event of Default, then, in addition to the rights of Mortgagees under Section 13.07, any Mortgagee shall have the right to postpone and extend the

date specified by Lessor for the termination of this Lease for a period of six (6) months; provided that any Mortgagee which exercises such right shall (a) cure or cause to be cured any uncured Events of Default curable solely by the payment of money, (b) diligently proceed to cure or cause to be cured all other Events of Default reasonably susceptible of being cured by the Mortgagee, (c) pay the Rent and comply with and perform all conditions, terms, covenants and agreements in this Lease to be performed by Lessee, and (d) commence and diligently proceed to complete the sale of the Lessee Improvements, and/or the part thereof encumbered by the Mortgage by foreclosure of the Mortgage or otherwise. If a Mortgagee is actively engaged in selling or attempting to sell Lessee Improvements, and/or the part thereof encumbered by the Mortgage, then the period of six (6) months shall be extended for such additional period of time as may be reasonably necessary to complete the sale.

Section 13.09. Rights of Mortgagees upon the Termination of Lease.

Notwithstanding any other condition, term, covenant or agreement in this Lease, if Lessor purports to terminate this Lease for any reason prior to the expiration of the Original Term, then, upon the election of any Mortgagee, Lessor shall (a) enter into a lease of the Leased Real Estate with that Mortgagee, or its nominee, for the remainder of the Original Term, effective as of the date of such purported termination, at the rents and upon the same conditions, terms, covenants and agreements as in this Lease, including without limitation, the options to extend the Original Term pursuant to Article II, and (b) simultaneously with the execution and delivery of such lease, assign to the Mortgagee, or its nominee, all Subleases. The Subleases shall (a) survive any terminations of this Lease and any assignment to a Mortgagee or its nominee and (b) remain in full force and effect in accordance with their terms. To exercise such election, a Mortgagee shall give written notice to Landlord of the election within sixty (60) days after the date of a purported termination. After exercising such election, that Mortgagee, or its nominee, shall (a) pay or cause to be paid to Lessor on the commencement date of the term of such lease all unpaid Rent, (b) cure or cause to be cured all uncured Events of Default which are curable by the payment of money and (c) diligently proceed to cure or cause to be cured all other Events of Default reasonably susceptible of being cured by that Mortgagee. If Lessor and a Mortgagee, or its nominee, enter into a lease pursuant to this Section, then the purported termination shall be deemed ineffective and void ab initio, and the lease shall be deemed to be a continuation of this Lease for all purposes under applicable law.

Section 13.10. No Obligation to Cure.

No condition, term, covenant or agreement in this Lease shall be deemed to or shall require any Mortgagee to cure or cause a cure of any default of Lessee, unless such Mortgagee elects to exercise its rights under Sections 13.07, 13.08 or 13.09 for which cure of defaults is a condition.

Section 13.11. Insurance and Condemnation Proceeds.

The conditions, terms, covenants and agreements of this Lease concerning the application of Insurance Proceeds or Condemnation Awards for Lessee Improvements are subject to any rights reserved in any Mortgage by a Mortgagee to apply all or any part of the Insurance Proceeds or condemnation Awards for Lessee Improvements to the indebtedness secured by a Mortgage.

Section 13.12. Modification of Lease.

If a prospective Mortgagee requests reasonable modifications in this Lease as a condition to making a Mortgage Loan to Lessee, then Lessor shall execute an agreement in recordable form

modifying this Lease as requested by the Mortgagee; provided that no such modifications shall affect Lessor or its rights hereunder in any material adverse respect.

Section 13.13. Restrictions on Mortgages.

During the Original Term or any renewals, Landlord shall not have the right or power to (a) mortgage or otherwise grant any security interest in, or other liens or encumbrances upon the Leased Real Estate, the right, title, interest and estate of Lessor in and to the Leased Real, the Improvements, and fixtures, equipment or other personal property at any time and from time to time located on the Leased Premises, or any part thereof, or (b) to amend, modify, extend, renew, replace, refinance or otherwise change or affect any Mortgage.

Section 13.14. Estate of Landlord Not Subordinated.

No condition, term, covenant or agreement of this Lease shall be deemed to (a) constitute a subordination of the right, title, interest and estate of Lessor in and to the Leased Real Estate to any Mortgage or (b) require Landlord to execute any Mortgage or other document or instrument to effect any such subordination.

ARTICLE XIV
Miscellaneous

Section 14.01. Taxes.

Any and all taxes, which may be lawfully imposed by the federal government, by the State of Indiana or by any political subdivision thereof upon the personal property or business of the Lessee on the Leased Real Estate, shall be paid promptly as due by the Lessee.

Section 14.02. Liens.

Lessee agrees to pay the discharge and indemnify Lessor against all liens and encumbrances of any nature and kind, whether arising by operation of law or by virtue of express or implied contract, which will attach to or be imposed on the Leased Real Estate as a consequence, direct or indirect, of any act or omission of Lessee or as a consequence, direct or indirect, of the existence of Lessee's interest under this Lease.

Section 14.03. Title to Property.

Title to any and all buildings, structures and other improvements erected or placed on the Leased Real Estate by the Lessee, which are so permanently fixed to the real estate as to become legally a part of the real estate is vested in the State of Indiana. This would include any building structure that is not portable, paving, underground utilities, and property designated by Lessor as Permanent pursuant to Section 5.05. All other property placed or erected on the Leased Real Estate shall belong to the Lessee, subject to the provisions in this Lease.

Section 14.04. Right of Entry.

At all times during the Original Term of this Lease, the Lessor shall have the right to enter upon the Leased Real Estate for the purpose of inspecting same or make alterations or improvements, without such entry in any manner affecting the obligations of the Lessee hereunder.

Section 14.05. Assignment or Sublease.

Lessee agrees not to assign, sublet, mortgage, pledge or encumber this Lease without first obtaining the written consent of the Lessor, which consent shall not be unreasonably withheld. If Lessee is a corporation, then any transfer of the Lease by merger, consolidation or liquidation, or any change in ownership or power to vote the majority of its outstanding voting stock shall constitute an assignment for the purpose of this Lease and shall require written consent of Lessor, which consent shall not be unreasonably withheld. Lessee acknowledges the commitment made in the Memorandum of Understanding ("MOU"), as amended April 30, 2014, by and between the Lessor and the Indiana Department of Family and Social Services Administration and accepts and agrees to the provisions therein pertaining to the Pavilion. To the extent permitted by law, Lessee shall have no obligation to subcontract any services or deal in any manner with the Indiana Department of Family and Social Services Administration, or any similar agency, after the six (6) year term of the MOU."

Section 14.06. Successors Bound.

This Lease shall be binding upon the respective grantees, successors and assigns of the Lessor and Lessee hereto.

Section 14.07. Governing Laws.

This Lease shall be construed in accordance with and governed by the laws of the State of Indiana and suit, if any, must be brought in Indiana.

Section 14.08. Legal Costs.

In the event Lessor finds it necessary to pursue legal action to recover monies owed by Lessee, Lessee shall also pay all court costs, attorney's fees and other costs incurred as a result thereof. If the court determines that the monies were not owed the Lessor, the Lessee shall not incur the costs on behalf of the state.

Section 14.09. Statutes.

The authority of the Lessor to enter into this Lease includes, but is not limited to: IC 14-19-1 and IC 14-18-2.

Section 14.10. Penalties/Interest/Attorney's Fees.

The Lessor will in good faith perform its required obligations hereunder, and does not agree to pay any penalties, liquidated damages, interest, or attorney's fees, except as required by Indiana Law, in part, IC 5-17-5-1, et seq., IC 34-2-22-1, et seq., and IC 34-4-16-1, et seq.

Section 14.11. Compliance with Laws.

a) The Lessee shall comply with all applicable federal, state, and local laws, rules, regulations, and ordinances, and all provisions required thereby to be included herein are hereby incorporated by reference. The enactment or modification of any applicable state or federal statute or the promulgation of rules or regulations thereunder after execution of this Lease shall be reviewed by the Lessor and the Lessee to determine whether the provisions of this Lease require formal modification

b) The Lessee and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with the State as set forth in IC 4-2-6, et seq., IC 4-2-7,

et seq., the regulations promulgated thereunder, and Executive Order 04-08, dated April 27, 2004. If the Lessee is not familiar with these ethical requirements, the Lessee should refer any questions to the Indiana State Ethics Commission, or visit the Indiana State Ethics Commission website at <http://www.in.gov/ethics/>. If the Lessee or its agents violate any applicable ethical standards, the Lessor may, in its sole discretion, terminate this Lease immediately upon notice to the Lease. In addition, the Lessee may be subject to penalties under IC §§ 4-2-6, 4-2-7, 35-44-1-3, and under any other applicable laws.

c) The Lessee certifies by entering into this Lease that neither it nor its principal(s) is presently in arrears in payment of taxes, permit fees or other statutory, regulatory or judicially required payments to the State of Indiana. The Lessee agrees that any payments currently due to the State of Indiana may be withheld from payments due to the Lessee. Additionally, further work or payments may be withheld, delayed, or denied and/or this Lease suspended until the Lessee is current in its payments and has submitted proof of such payment to the State.

d) The Lessee warrants that it has no current, pending or outstanding criminal, civil, or enforcement actions initiated by the State, and agrees that it will immediately notify the Lessor of any such actions. During the term of such actions, the Lessee agrees that the State may delay, withhold, or deny work under any supplement, amendment, change order or other contractual device issued pursuant to this Lease.

e) If a valid dispute exists as to the Lessee's liability or guilt in any action initiated by the State or its agencies, and the State decides to delay, withhold, or deny work to the Lessee, the Lessee may request that it be allowed to continue, or receive work, without delay. The Lessee must submit, in writing, a request for review to the Indiana Department of Administration (IDOA) following the procedures for disputes outlined herein. A determination by IDOA shall be binding on the parties. Any payments that the State may delay, withhold, deny, or apply under this section shall not be subject to penalty or interest, except as permitted by IC 5-17-5.

f) The Lessee warrants that the Lessee and its subcontractors, if any, shall obtain and maintain all required permits, licenses, registrations, and approvals, and shall comply with all health, safety, and environmental statutes, rules, or regulations in the performance of work activities for the State. Failure to do so may be deemed a material breach of this Lease and grounds for immediate termination and denial of further work with the State.

g) The Lessee affirms that, if it is an entity described in IC Title 23, it is properly registered and owes no outstanding reports to the Indiana Secretary of State.

h) As required by IC 5-22-3-7:

1. The Lessee and any principals of the Lessee certify that:

(A) the Lessee, except for de minimis and nonsystematic violations, has not violated the terms of:

(i) IC 24-4-7 [Telephone Solicitation of Consumers];

(ii) IC 24-5-12 [Telephone Solicitations]; or

(iii) IC 24-5-14 [Regulation of Automatic Dialing Machines];

in the previous three hundred sixty-five (365) days, even if IC 24-4.7 is preempted by federal law; and

(B) the Lessee will not violate the terms of IC 24-4.7 for the duration of the Lease, even if IC 24-4.7 is preempted by federal law.

2. The Lessee and any principals of the Lessee certify that an affiliate or principal of the Lessee and any agent acting on behalf of the Lessee or on behalf of an affiliate or principal of the Lessee

(A) except for de minimis and nonsystematic violations, has not violated the terms of IC 24-4.7 in the previous three hundred sixty-five (365) days, even if IC 24-4.7 is preempted by federal law; and

(B) will not violate the terms of IC 24-4.7 for the duration of the Contract, even if IC 24-4.7 is preempted by federal law.

Section 14.12. Substantial Performance.

This Lease shall be deemed to have been substantially performed only when fully performed according to its terms and conditions and any modifications thereof.

Section 14.13. DNR Property Regulations.

The Lessee shall adhere to all DNR General Property Regulations as found in 312 IAC 8 and successor regulations. These rules and regulations are duly promulgated pursuant to IC 4-22-2 and have the force and effect of Law. This paragraph is in conjunction with and supplemental to any other provisions in this Lease.

Section 14.14. Disputes.

Should any disputes arise with respect to this Lease, the Lessee and the State agree to act immediately to resolve any such disputes. Time is of the essence in the resolution of disputes.

The Lessee agrees that, the existence of a dispute notwithstanding, it will continue without delay to carry out all its responsibilities under this Lease which are not affected by the dispute. Should the Lessee fail to continue without delay to perform its responsibilities under this Lease in the accomplishment of all non-disputed work, any additional costs incurred by the Lessee or the State as a result of such failure to proceed shall be borne by the Lessee, and the Lessee shall make no claim against the State of Indiana for such costs. If the Lessee and the State cannot resolve a dispute within ten (10) calendar days following notification in writing by either party of the existence of said dispute, then the following procedure shall apply:

The parties agree to resolve such matters through submission of their dispute to the Commissioner of the Indiana Department of Administration who shall reduce his/her decision to writing and mail or otherwise furnish a copy thereof to the Lessee and the State within ten (10) calendar days after presentation of such dispute for his/her decision. His/her decision shall be final and conclusive unless the Lessee mails or otherwise furnishes to the Commissioner of Administration, within ten (10) days after receipt of the Commissioner's decision, a written

appeal. Within ten (10) days of receipt by the Commissioner of a written request for appeal, he/she may reconsider his/her decision. If no reconsideration is provided within ten (10) days, the parties may mutually agree to submit the dispute to arbitration for a determination, or otherwise the dispute shall be submitted to an Indiana court of competent jurisdiction.

The State may withhold payments on disputed items pending resolution of the dispute. The unintentional nonpayment by the State to the Lessee of one or more invoices not in dispute in accordance with the terms of this Lease will not be cause for Lessee to terminate this Lease, and the Lessee may bring suit to collect without following the disputes procedure contained herein.

Section 14.15. Conflict of Interest.

As used in this section:

"Immediate family" means the spouse and the unemancipated children of an individual.

"Interested party" means:

1. The individual executing this Lease;
2. An individual who has an interest of three percent (3%) or more of Lessee, if Lessee is not an individual; or
3. Any member of the immediate family of an individual specified under subdivision 1 or 2.

"Department" means the Indiana Department of Administration.

"Commission" means the State Ethics Commission.

The Lessor may cancel this Lease without recourse by Lessee if any interested party is an employee of the State of Indiana.

The Lessor will not exercise its right of cancellation under Section B above if Lessee gives the department an opinion by the Commission indicating that the existence of this Lease and the employment by the State of Indiana of the interested party does not violate any statute or code relating to ethical conduct of state employees. The Lessor may take action, including cancellation of this Lease consistent with an opinion of the Commission obtained under this section.

Lessee has an affirmative obligation under this Lease to disclose to the Lessor when an interested party is or becomes an employee of the State of Indiana. The obligation under this section extends only to those facts which Lessee knows or reasonably could know.

Section 14.16. Funding Cancellation.

When the Director of the State Budget Agency makes a written determination that funds are not appropriated or otherwise available to support continuation of performance of this Lease, the Lease shall be cancelled. A determination by the Budget Director that funds are not appropriated or otherwise available to support continuation of performance shall be final and conclusive.

Section 14.17. Termination.

a) If this Lease is terminated before completion of the Original Term or any renewals, the Lessee shall vacate the premises within forty five (45) days of termination unless a lesser period of time is provided by court order. Lessee and/or his agents shall remove no personal property on which the Lessor is given a lien from the Leased Real Estate unless otherwise directed by court order, until all Rental Fees and other sums owed to the Lessor have been paid.

b) If an Act of God renders this Lease inoperable for more than two hundred forty (240) days, the Lessee may terminate this Lease as of the date of that Act. The Lessor shall receive its Rental Fee on all income to the date of termination, or to the date of sixty (60) days after termination, whichever income is greater, as if the Original Term or any renewals were then completed and Lessee shall receive Just Compensation pursuant to Section 5.19.a) 1

c) If the Lessee fails to make timely cure of repeated violations, the Lessor may terminate this Lease upon written notice of such termination by certified mail, or this notification may be delivered in person. The Lessor shall receive all Rental Fees on all income to the date of termination as if the Original Term or any renewals were then completed. Further, the Lessee shall receive Just Compensation as specified in Section 5.19.a)3(a)(3).

d) If the Lessee terminates this Lease other than as provided in Section 14.19(e) below, the provisions relating to Rental Fees above shall apply and lessee shall receive Just Compensation as specified in Section 5.19.a)3(a)(3).

e) If the Lessee terminates this Lease as a result of items described in Section 5.19(a)(1), including, without limitation, no longer being able to sell alcohol, significant changes in Park hours, or any other event or occurrence that prevents lessee from operating its business in the Pavilion as intended, then Lessee shall receive Just Compensation as specified in Section 5.19.a)1(a)(1).

f) The Lessor may, in cases where continued operation by the Lessee may result in significant or irreparable harm to the Lessor and/or the public, terminate the Lease immediately. Examples include, but are not limited to, non-payment of fees, insurance cancellation, bond cancellation, and other circumstances which could cause harm to the public or the Lessor or reflect adversely on the Lessor. All Rental Fees payable to the Lessor shall be paid within 15 days of such termination. Lessee shall receive Just Compensation pursuant to Section 5.19.a)3(a)(3).

g) If the Lessor finds it necessary to pursue legal action to recover monies owed by Lessee, Lessee shall also pay all court costs, attorney's fees, and other costs incurred as a result thereof.

h) Provided Lessee is paid Just Compensation by the Lessor pursuant to Section 5.19(a)(2), this Lease may be terminated, in whole or in part, by the Lessor whenever, for any reason, the Lessor determines that such termination is in the best interest of the Lessor. Termination of services shall be effected by delivery to the Lessee of a Termination Notice at least thirty (30) days prior to the termination effective date, specifying the extent to which

performance of services under which such termination becomes effective. For the purposes of this paragraph, the parties stipulate and agree that the Indiana Department of Administration shall be deemed to be a party to this agreement with authority to terminate the same for convenience when such termination is determined by the Commissioner of IDOA to be in the best interests of the State.

Section 14.18. Severability.

The invalidity of any section, subsection, clause or provision of this Lease shall not affect the validity of the remaining sections, subsections, clauses or provisions of this Lease.

Section 14.19. Force Majeure.

In the event that either party is unable to perform any of its obligations under this Lease or to enjoy any of its benefits because of natural disaster or decrees of governmental bodies not the fault of the affected party (hereinafter referred to as a "Force Majeure Event"), the party who has been so affected shall immediately give notice to the other party and shall do everything possible to resume performance. Upon receipt of such notice, all obligations under this Lease shall be immediately suspended. If the period of nonperformance exceeds thirty (30) days from the receipt of notice of the Force Majeure Event, the party whose ability to perform has not been so affected may, by giving written notice, terminate this Lease.

Section 14.20. Ethics.

The Licensee and its agents shall abide by all ethical requirements that apply to persons who have a business relationship with the State, as set forth in Indiana Code § 4-2-6 et seq., the regulations promulgated thereunder, and Executive Order 04-08, dated April 27, 2004. If the Licensee is not familiar with these ethical requirements, the Licensee should refer any questions to the Indiana State Ethics Commission, or visit the Indiana State Ethics Commission website at <<<<http://www.in.gov/ethics/>>>>. If the Licensee or its agents violate any applicable ethical standards, the State may, in its sole discretion, terminate this contract immediately upon notice to the Licensee. In addition, the Licensee may be subject to penalties under Indiana Code § 4-2-6-12.

Section 14.21. Order of Precedence; Incorporation by Reference.

Any inconsistency or ambiguity in this Lease shall be resolved by giving precedence in the following order: (1) This Lease, (2) attachments prepared by the Lessor, (3) Prospectus, (4) Lessee's response to Prospectus. All of the foregoing are incorporated fully by reference. All attachments, and all documents referred to in this paragraph are hereby incorporated fully by reference.

Section 14.22. Waiver of Rights.

No right conferred on either party under this Lease shall be deemed waived, and no breach of this Lease excused, unless such waiver is in writing and signed by the party claimed to have waived such right. Neither the Lessor's review, approval or acceptance of, nor payment for, the services required under this Lease shall be construed to operate as a waiver of any rights under this Lease or of any cause of action arising out of the performance of this Lease, and the Lessee shall be and remain liable to the Lessor in accordance with applicable law for all damages to the Lessor caused by the Lessee's negligent performance of any of the services furnished under this Lease.

Section 14.23. Employment Eligibility Verification.

The Contractor affirms under the penalties of perjury that he/she/it does not knowingly employ an unauthorized alien. The Contractor shall enroll in and verify the work eligibility status of all his/her/its newly hired employees through the E-Verify program as defined in IC 22-5-1.7-3. The Contractor is not required to participate should the E-Verify program cease to exist. Additionally, the Contractor is not required to participate if the Contractor is self-employed and does not employ any employees.

The Contractor shall not knowingly employ or contract with an unauthorized alien. The Contractor shall not retain an employee or contract with a person that the Contractor subsequently learns is an unauthorized alien.

The Contractor shall require his/her/its subcontractors, who perform work under this contract, to certify to the Contractor that the subcontractor does not knowingly employ or contract with an unauthorized alien and that the subcontractor has enrolled and is participating in the E-Verify program. The Contractor agrees to maintain this certification throughout the duration of the term of a contract with a subcontractor. The State may terminate for default if the Contractor fails to cure a breach of this provision no later than thirty (30) days after being notified by the State.

Section 14.24. Non-Collusion and Acceptance.

The undersigned attests under penalties of perjury that he/she is the Leasing party, or that he/she is the representative, agent, member or officer of the Leasing party and that he/she has not, nor has any other member, employee, representative, agent or officer of the firm, company, corporation or partnership represented by him/her, directly or indirectly, to the best of his/her knowledge, entered into or offered to enter into any combination, collusion or agreement to receive or pay, and that he/she has not received or paid, any sum of money or other consideration for the execution of this agreement other than that which appears upon the face of the agreement.

[Remainder of Page Intentionally Left Blank]

"LESSOR"

STATE OF INDIANA
BY ITS
DEPARTMENT OF NATURAL RESOURCES

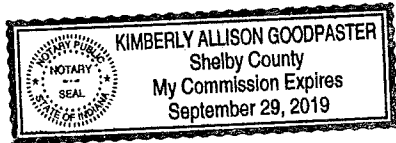
By 
Cameron F. Clark, Director

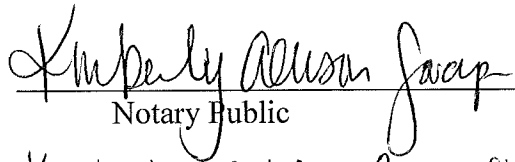
Date 2/20/15

STATE OF INDIANA }
 } SS:
COUNTY OF MARION }

Before the undersigned, a Notary Public in and for said County and State, on this 20 day of February, 2015, personally appeared Cameron F. Clark of the Department of Natural Resources of the State of Indiana, and on behalf of the Lessor acknowledged its execution of the foregoing Lease Agreement to be his voluntary act and deed.

Witness my hand and Notarial Seal.




Notary Public

Kimberly Allison Goodpaster
Printed Name


My commission expires:

9/29/19


County of residence:

Shelby

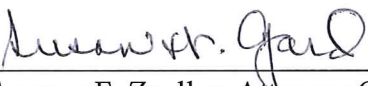
APPROVED:
Indiana Department of Administration

By: 
For: Jessica Robertson, Commissioner
Date 2/24/2015

APPROVED:
State Budget Agency

By: 
Brian E. Bailey, Director
Date 2/25/15

APPROVED AS TO FORM AND LEGALITY:
Office of the Attorney General

By: 
For: Gregory F. Zoeller, Attorney General
Date 2/26/15

State Land Office:

This instrument was prepared by Kyle J. Hupfer who affirms, under the penalties for perjury, that he has taken reasonable care to redact each Social Security number in this document, unless required by law.” Kyle J. Hupfer, Attorney, Frost Brown Todd LLC..

Adaptive Reuse Project for the
Indiana Dunes Pavilion
Chesterton, Indiana
Porter County



Submitted By:

Dunes Development Group (DDG)

Chuck Williams, Developer

212 East Lincolnway

Valparaiso, In 46383

Phone: 219-464-8416 Ext. 13

Fax: 219-464-3977 Email: cwilliams@elegan.com

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(for reference only)

March 1, 2012

Mr. Daniel W. Bortner
Director
Indiana State Parks and Reservoirs
402 W. Washington Street
Room W298
Indianapolis, IN 46204


Dear Mr. Bortner:

I am pleased to submit this proposal for the Adaptive Reuse and Renovation of the Pavilion at the Indiana Dunes State Park, located in Chesterton, Indiana. It would be an honor to partner with the Indiana Department of Natural Resources and Indiana State Parks and Reservoirs to bring this magnificent facility back to life, preserving and enhancing its character for the people Northwest Indiana, the State of Indiana, and for visitors from around the country and the world.

I warrant that the facts set forth in the attached document are true to the best of my information, knowledge and belief.

Thank you for your consideration,

Respectfully Submitted,



Chuck Williams, Developer
212 East Lincolnway
Valparaiso, IN 46383
Phone: 219-464-8416 Ext. 13
Fax: 219-464-3977
Email: cwilliams@elegant.com

1. Information Regarding the Developer/Operator's Intentions

a. 1) The development of a marina is considered to be a possible later phase of the project as much study will be required to determine if a marina is appropriate for the area, whether it can feasibly be done, and what further impact a marina would have on the development area.

If a marina or floating dock is determined to be appropriate, there are resources within Northwest Indiana that have significant experience in such development, most notably and recently, the development of the marina in Portage, Indiana.

a.2) The development team will fully cooperate in the IDNR's architectural review process throughout the entire development program, as specified in the prospectus, and will obtain such approvals as are needed and required by agencies such as IDEM or Historic Preservation and Archeology.

b. Detailed Description of the Facilities, Services and Products

The Indiana Dunes and Lake Michigan have provided a "wow" factor for residents and visitors alike since it was designated a State Park in 1925. Sweeping views of Lake Michigan, environmental learning opportunities, swimming, hiking through 16 miles of trails, and camping facilities have afforded visitors the opportunity to experience the diversity of animal and plant species and its unique land features. Imagine the delight of new visitors to the park when they realize they can see Chicago across the massive expanse of water. There may be no more spectacular view of a sunset than behind the skyline of the City or the unobstructed view of the rare aurora borealis across the water.

Capturing the essence of this crown jewel of the Midwest is at the very heart of our proposed project to renovate and expand the Pavilion at the Dunes. Please join us on our journey...

1. **Facilities.** The design of the facilities is detailed below in the Architectural description. The proposed renovation of the Pavilion and the banquet hall addition are intended to expand the existing, more limited options that visitors have to experience Lake Michigan in its full glory.
 - a. The existing Pavilion is approximately 11,000 square feet per floor level. Therefore, the two (2) interior floors equal 22,000 square feet. Additionally, the flat roof area is also 11,000 square feet.
 - b. The proposed Banquet Hall Addition is 20,000 over two (2) floor levels with an additional 750 square feet of vaulted entry area.
 - c. The total size of the completed facility will be approximately 53,750 square feet.

Scaled drawings of the facility renovation and addition are included as Exhibit A.

NOTE: While not a part of this initial proposal, the developers are interested in exploring lodging opportunities at a later date.

2. Services.

- a. The restored Pavilion will house a new restaurant and bar on the second floor, as well as new restrooms to service the new restaurant and the proposed Banquet Hall. The year-round restaurant will provide casual dining for more than 120 with full bar services, entertainment and window views of Lake Michigan and the Dunes.
- b. The existing flat roof will house a small bar area in concert with outdoor dining serviced from the restaurant below. This new rooftop terrace with seating for more than 200 will provide the best seat in the house for sunsets, sailboat races, the Northern Lights, fireworks displays, stargazing, etc.
- c. The Banquet Hall Addition is a financial requirement to the success of the overall project. The second floor of the addition was designed to house one large Banquet Hall Facility with the ability to transform into three (3) smaller banquet rooms, providing total seating for 420 occupants. Included beyond the glass walls is a continuous outdoor terrace on the west, north and east.
- d. The addition will also house a Chapel and/or Conference Center on the first floor with seating for 280. The North wall of the Center consists of a sliding window wall system that will fully open to the adjoining beach area with direct views to the lake beyond. The glass wall and indoor/outdoor stage/platform will provide for year-round "beachfront weddings" and concerts or shows without ever getting sand (or snow!) in your shoes.

Restaurant, bar and banquet facilities will be provided by Peter Kaiafas, investor and partner in the project. Mr. Kaiafas is currently the owner/operator of the Avalon Manor banquet facility located in Merrillville, Indiana. His full biography is included in this proposal packet and includes more than 30 years experience in restaurant and banquet facility ownership and management. **Also included as Exhibit B is a sample menu for the facility.**

Contained as **Exhibit C**, titled "Avalon Manor", are several documents that provide a strong sense of the quality and excellence of the Avalon Manor, including customer testimonials.

Note: With respect to the existing beach facilities housed in the Pavilion, specifically the men's and women's locker rooms, restrooms, and lifeguard station, it is our understanding that the Indiana State Parks will continue to operate those services and areas. It is also our understanding that we will not be responsible for the renovation of any of those facilities as a part of this project. However, if the State wishes to update facilities at the time of our renovation we are willing to work with the State Parks to coordinate such updates.

Terms of use of parking lots should be negotiated as a part of the lease. Gate fee charges for users of the banquet facility and/or restaurant will also be negotiated as a part of the lease.

c. Description of Architectural Style and Size of the Facility

1. Architectural Style:

- The existing Pavilion building was designed by Bishop Knowlton & Carson Architects of Indianapolis in 1929. The building was constructed in 1930 and was well designed in light of its present condition after an 80-year history on the lakefront. The building is considered a "conservative" example of Art Deco (1925-1940) with its "Zig-Zag patterned stringcourse" located at the roof line, just below the parapet. The architect

also incorporated "Geometric Floral patterns" over each of the corner entries, which are indicative of the Art Deco Style of architecture.

- The Pavilion has undergone several physical changes over the years. Initially, it was an open-air pavilion with few interior walls. The openings on the south wall only, contained steel sash windows. The second floor housed restrooms in the southeast and southwest corners with basket storage in the center. The stairwells and roof were totally open and accessible to the public.
- Later, in the late 30's to early 40's, a restaurant was located on the first floor.
- The last major renovation occurred in 1972 with L Cosby Bernard and Company of Hammond as the project architects. Their design is what is currently seen today. The fully enclosed restroom and shower areas on the first floor and the large open "cafeteria space" on the second. It was with this renovation that a large majority of the exterior openings were filled-in with bricks and mortar.
- One of the major design intentions today is to open these areas back up to natural day-lighting and the inherent views of the surrounding park.
- The design of the new Addition is certainly contemporary in nature. With its concrete, glass and curved steel shell, it mimics the shape of the surrounding dunes.

2. Facility Size:

- The existing Pavilion is approximately 11,000 square feet per floor level. Therefore, the two (2) interior floors equal 22,000 square feet. Additionally, the flat roof area is also 11,000 square feet.
- The proposed Banquet Hall Addition is 20,000 over two (2) floor levels with an additional 750 square feet of vaulted entry area.
- The total size of the completed facility will be approximately 53,750 square feet.

3. Building Materials:

- The existing Pavilion consists of a reinforced, cast concrete structure with an exterior brick and limestone veneer. The concrete structure is a basic post and beam system with 24" octagonal columns set on a 15' grid. The interior of the Pavilion is primarily painted concrete, block and brick with a terrazzo finish at the 2nd floor. A new EPDM membrane will be installed on the roof.
- The proposed Addition will consist of concrete, steel and glass. The building Addition will have a cast concrete foundation and a structural steel frame. The first floor steel will be encased in concrete to protect it from the harsh lakefront weather. The first floor walls will be a "colored" concrete block to minimize the use of exterior paint. Again, to limit the amount of exterior maintenance due to the harsh winds and blowing sand. The second floor will consist of exposed steel framing inside while the exterior will be encased in an aluminum and glass window wall system. The Addition will be capped with a curved standing seam roof system.

4. Building Layout:

- The building program consists of the renovated Pavilion housing a new restaurant and bar on the second floor, as well as, new restrooms to service the new restaurant and proposed Banquet Hall.

- The existing "open" corner entries on the first floor will be enclosed with glass and aluminum entry systems. Thus, allowing for these spaces to become more welcoming conditioned environments. These refurbished first floor entries will be linked to a central elevator lobby via a new corridor with an abundance of natural daylight.
- The existing flat roof will house a small bar area in concert with outdoor dining. This new rooftop terrace will set the stage for the best view in Indiana.
- All three (3) levels of the existing Pavilion will be connected with a new 3-stop, passenger elevator located at the center of the existing structure. The two (2) existing stairwells will be enclosed and enhanced with new aluminum window systems and interior finishes.
- Transforming the existing exterior openings on the West wall of the Pavilion will allow a physical, internal link for occupants to easily pass from the new structure to the old and visa-versa.
- Due to the tight spacing of structural columns within the existing Pavilion structure, the Banquet Hall Addition was seen as a financial requirement to the success of the overall project. Therefore, the second floor of the addition was designed to house one large Banquet Hall Facility with the ability to transform into three (3) smaller banquet rooms.
- The addition will also house a Chapel and/or Conference Center on the first floor. The North wall of the Chapel consists of a sliding window wall system that will fully open to the adjoining beach area with direct views to the lake beyond. Thus providing a "beachfront wedding" without ever getting sand in your shoes.
- The main entrance to the addition will be through its own glass-enclosed vestibule which contains a sweeping staircase; making it an ideal space for wedding photos.

5. General Design Scheme:

- The design of the new Addition to the existing Pavilion is in keeping with the State and Federal Guidelines for Historic Preservation. The new addition is designed to contrast the style of the existing pavilion. Thus, not confusing the public as to what is historic and what is not. The two structures will be connected via a "link" allowing a clearer distinction between the two building and their two distinctly different architectural styles.
- The west wall of the existing pavilion will be exposed within the upper and lower lobbies of the new structure. Thus, allowing for direct exposure to the history and architecture of the existing building.
- The new lobby areas will be a logical place to locate narrative and photographic displays of the historic pavilion. We have dozens of postcards and photographs from the 1930's to present day. We also have copies of the original architectural drawings from 1929 that were used for the construction of the Pavilion in 1930.
- The design intent for the interior of the existing pavilion is to expose as much of the existing concrete structure as possible. The utilitarian nature of the unadorned concrete and brick walls will provide an excellent backdrop for enlarged historical photographs of the Pavilion and the surround Dunes State Park throughout the interior of the existing building. Narrative placards can be placed near each with the intent of educating the public to the historical nature of their surroundings.

- The new addition, with its large curved roof is intended to represent the surrounding sand dunes within the State Park. The finish roof material will have a "sand color" to represent "The Dunes".
- Obviously, one of the best features of the new addition will be the large, window walls allowing sweeping vistas of Lake Michigan, the Dunes, and on a clear day, the City of Chicago.

d. Construction Sequence - Project Phases and Logistical Management Plan: Guiding Principles and Overview

The project team has identified two possible construction scenarios, each with the same guiding principles to minimize the impact on existing operations, parking, and visitors. Scenario I is the preferred, however Scenario II can also be considered. Each scenario is, of course, dependent on how quickly the project is awarded, when the lease is negotiated, and the availability of funding for the project.

The management of the project is predicated upon the following principles:

1. Minimize impact to visitors:
 - a. During the construction phases, the construction staging area will be located on the far western end of the pavilion and northwestern edge of the parking area thus having no impact to pedestrian access to the beach on the eastern end (the traditional visitor access path to the beach).
 - b. Fencing will surround the construction areas during both phases for safety and operational purposes.
2. Maximize coordination and communication with DNR personnel
 - a. Project plans and logistical schedules will be shared and updates will be provided (see below for preliminary schedule).
 - b. Regular meetings will be conducted to identify and resolve issues.
 - c. The project team will provide one point of contact for the DNR to contact—24/7.

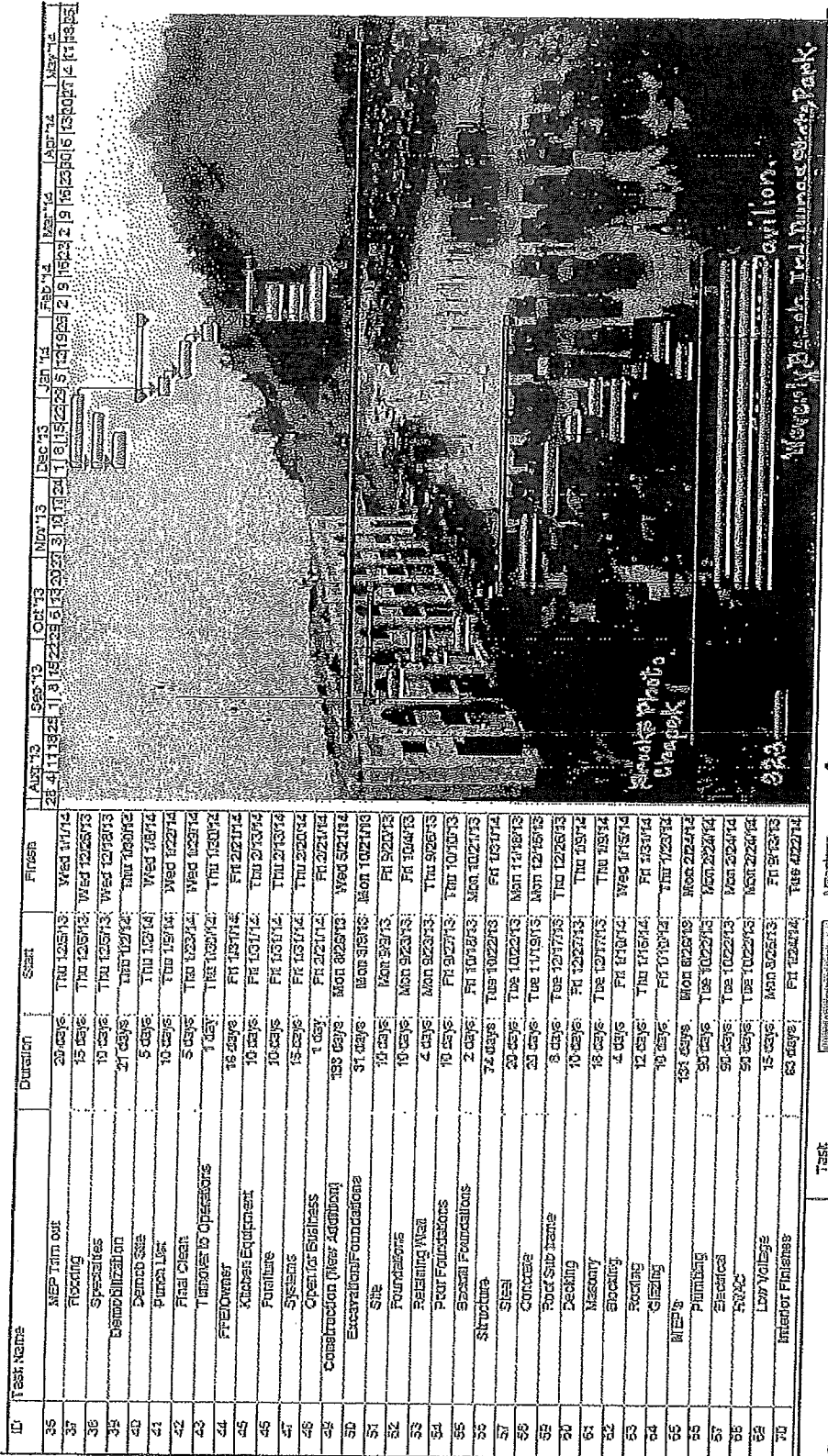
Construction Schedule: The development team has planned for two scenarios in which construction will take place:

- 1) **Scenario I--9/9/2013 through 5/21/2014 (likely-case scenario):** This scenario takes into consideration a reasonable amount of time to finalize the lease-creation process and receive all governmental approvals to begin construction. *See the Exhibits below for the construction project plan and logistics plan for Scenario I.*
 - a) Construction of both stages (renovation of existing structure and construction of the banquet/conference center addition) will begin after Labor Day, 2013 and end before the new season in 2014.
 - b) This scenario minimizes impact to park visitors but delays delivery of the project.
- 2) **Scenario II--9/8/2012 through 11/15/2013 (fast-track):** This scenario requires an expedited lease-creation and governmental approval process. It brings the renovated existing facility online

in time for the 2013 season and brings the new Banquet/Conference Center online by late fall, 2013. *See the Exhibits below for the construction project plan and logistics plan for Scenario II.*

1. Conduct the renovation of the existing facility during the 2012-2013 off-season:
 - a. It poses no disruption of the operation of the existing operations (locker rooms, rest rooms, snack and gift shops);
 - b. The construction staging area will not impact parking;
 - c. The renovated facility will be open and ready for operations for the 2013 season providing income to the new owners as well as the State through increased gate revenues.
2. Construction of the new addition will be conducted from January through November of 2013:
 - a. This schedule provides for the minimum 12 months of marketing necessary for the Banquet/Conference facility.
 - b. This schedule allows for large percentage of the construction outside of the most severe months of winter. This reduces costs that arise from weather-related delays.
 - c. It allows for the site work to be conducted prior to the Memorial May weekend opening of the season; minimizing disruption for visitors.

Dunes Pavilion
Renovation and New Addition: Parallel Construction—September 9, 2013 through May 21, 2014



Dunes Pavilion Preliminary Schedule
 2/2/12

Task: Milestone Summary Project Summary

Split: External Tasks External Milestone

Progress: Deadline

Page 2

9

Dunes Pavilion (Sequential Phases) Phase 1 (Renovation of existing facility)

ID	Task Name	Duration	Start	Finish
1	Phase 1 Duration	142 days	Wed 8/1/12	Thu 2/14/13
2	Award	27 days	Wed 8/1/12	Thu 9/6/12
3	Contract Execution	10 days	Thu 8/2/12	Thu 8/23/12
4	Procurement of Permits	15 days	Thu 8/23/12	Thu 9/6/12
5	Award Subcontracts	25 days	Thu 9/6/12	Tue 9/25/12
6	Submittals	13 days	Thu 9/25/12	Thu 9/25/12
7	Start up	5 days	Thu 9/25/12	Thu 9/25/12
8	Mobilization	3 days	Thu 9/25/12	Thu 9/25/12
9	Office Set up	5 days	Thu 9/25/12	Thu 9/25/12
10	Fencing	5 days	Thu 9/25/12	Thu 9/25/12
11	Temp Protections	5 days	Thu 9/25/12	Thu 9/25/12
12	Demolition	15 days	Thu 9/25/12	Tue 10/16/12
13	Boilers/Plumbing	15 days	Tue 10/16/12	Tue 10/16/12
14	Roofing	15 days	Tue 10/16/12	Tue 10/16/12
15	Existing Mechanical Equipment	10 days	Tue 10/16/12	Tue 10/16/12
16	Kitchen Equipment	10 days	Tue 10/16/12	Tue 10/16/12
17	Interior Partitions	10 days	Tue 10/16/12	Tue 10/16/12
18	Doors/Windows	15 days	Tue 10/16/12	Tue 10/16/12
19	Electrical	15 days	Tue 10/16/12	Tue 10/16/12
20	Install MEP's	30 days	Tue 10/16/12	Tue 10/16/12
21	Plumbing	25 days	Tue 10/16/12	Tue 10/16/12
22	HVAC	25 days	Tue 10/16/12	Tue 10/16/12
23	Electrical	25 days	Tue 10/16/12	Tue 10/16/12
24	Site Electrical Transformer	30 days	Tue 10/16/12	Tue 10/16/12
25	Envelope	20 days	Tue 10/16/12	Tue 10/16/12
26	Windows	18 days	Tue 10/16/12	Tue 10/16/12
27	Doors/Entry Systems	15 days	Tue 10/16/12	Tue 10/16/12

Task **Milestone**

Split **Summary**

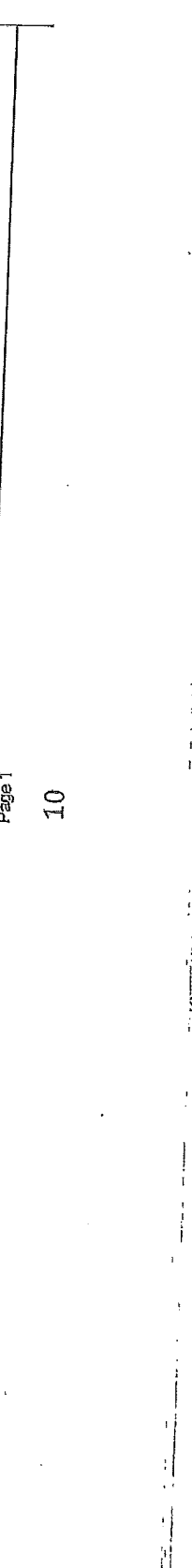
Progress **Project Summary**

External Tasks

External Milestone

Deadline

Page 1



Dunes Pavilion (Sequential Phases) Phase 1 (Renovation of existing facility)

ID	Task Name	Duration	Start	Finish
28	Railings	12 days	Wed 10/17/12	Thu 11/1/12
29	New Main Entry	20 days	Wed 10/17/12	Tue 11/13/12
30	Roofing	15 days	Wed 10/17/12	Tue 11/6/12
31	Interiors	50 days	Wed 10/17/12	Tue 12/25/12
32	New Wall Partitions	10 days	Wed 10/17/12	Tue 10/30/12
33	Painting	20 days	Wed 10/31/12	Tue 11/27/12
34	Interior upgrades	20 days	Wed 11/28/12	Tue 12/25/12
35	MEP Trim out	20 days	Wed 11/28/12	Tue 12/25/12
36	Flooring	15 days	Wed 11/28/12	Tue 12/18/12
37	Specialties	10 days	Wed 11/28/12	Tue 12/11/12
38	Demobilization	21 days	Wed 12/26/12	Wed 1/23/13
39	Demob Site	5 days	Wed 12/26/12	Tue 1/1/13
40	Punch List	10 days	Wed 1/2/13	Tue 1/15/13
41	Final Clean	5 days	Wed 1/16/13	Tue 1/22/13
42	Turnover to Operations	1 day	Wed 1/23/13	Wed 1/23/13
43	FFE/Owner	18 days	Thu 1/24/13	Thu 2/14/13
44	Kitchen Equipment	10 days	Thu 1/24/13	Wed 2/6/13
45	Furniture	10 days	Thu 1/24/13	Wed 2/6/13
46	Systems	15 days	Thu 1/24/13	Wed 2/13/13
47	Open for Business	1 day	Thu 2/14/13	Thu 2/14/13

1 Aug '12
2 Sep '12
3 Oct '12
4 Nov '12
5 Dec '12
6 Jan '13
7 Feb '13

29 15 12 19 26 2 1 9 16 23 30 7 14 21 28 4 11 18 25 2 9 16 23 30 6 13 20 27 3 10 17 24

Task

Split

Progress

Milestone

Summary

Project Summary

External Tasks

External Milestone

Deadline

Dunes Pavilion (Sequential Phases)
Phase 2: New Addition

ID	Task Name	Duration	Start	Finish	Predecessors
1	Phase 2 Duration	220 days	Mon 1/15/13	Fri 11/15/13	
2	Award	40 days	Mon 1/14/13	Fri 2/8/13	
3	Award Subcontract	15 days	Mon 1/14/13	Fri 2/1/13	
4	Submittal	25 days	Mon 2/4/13	Fri 3/8/13	3
5	Start up	12 days	Mon 2/12/13	Tue 3/5/13	4
6	Mobilization	5 days	Mon 2/18/13	Fri 2/22/13	4,5
7	Office Set up	3 days	Mon 2/25/13	Wed 2/27/13	6
8	Pending	5 days	Mon 2/25/13	Fri 3/1/13	6
9	Temp Protection	5 days	Mon 2/25/13	Fri 3/1/13	6
10	Site Survey/Scale	2 days	Mon 3/4/13	Tue 3/5/13	9
11	Excavation/Fundations	31 days	Wed 3/6/13	Wed 4/17/13	10
12	Site	10 days	Wed 3/6/13	Tue 3/19/13	11
13	Fundations	13 days	Wed 3/20/13	Tue 4/2/13	12
14	Reinforcing Wall	4 days	Wed 3/20/13	Mon 3/25/13	13
15	Foot Foundations	10 days	Tue 3/26/13	Mon 4/8/13	14
16	Basal Foundations	2 days	Thu 4/18/13	Wed 4/17/13	15,16
17	Structure	72 days	Thu 4/18/13	Tue 7/30/13	16
18	Steel	20 days	Thu 4/18/13	Wed 5/15/13	16
19	Concrete	30 days	Thu 5/16/13	Wed 6/12/13	18
20	Roof Sub Frame	6 days	Thu 6/13/13	Mon 6/24/13	18,19
21	Decking	10 days	Tue 6/18/13	Mon 7/8/13	20
22	Masonry	13 days	Thu 6/13/13	Mon 7/8/13	19
23	Blocking	4 days	Tue 7/9/13	Fri 7/12/13	21
24	Roofing	12 days	Mon 7/15/13	Tue 7/30/13	23
25	Glazing	10 days	Tue 7/23/13	Mon 7/22/13	22
26	MEP's	107 days	Thu 4/18/13	Fri 9/13/13	17
27	Plumbing	90 days	Thu 4/18/13	Wed 8/21/13	16
28	Electrical	80 days	Thu 4/18/13	Wed 8/21/13	16
29	HVAC	80 days	Thu 4/18/13	Wed 8/21/13	16
30	Low Voltage	15 days	Mon 8/26/13	Fri 9/13/13	28

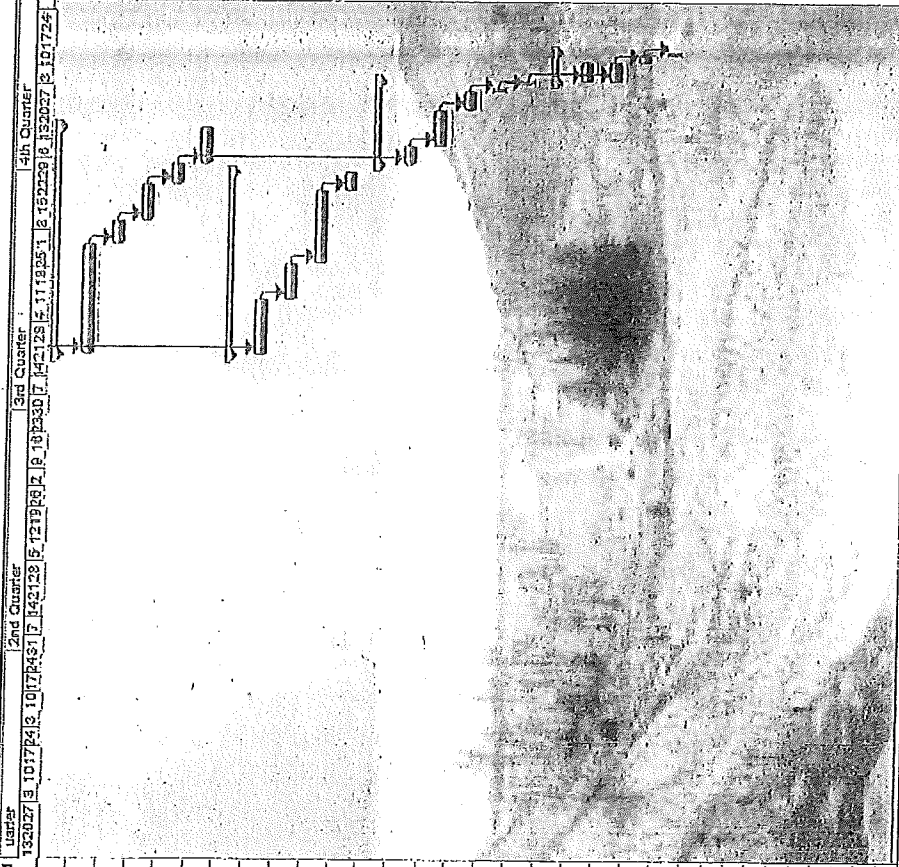
Milestone External Tests
 Summary External Milestones
 Project Summary Deadline

Task Split Progress

Dunes Pavilion New Addition
 Preliminary Schedule
 2/21/12

Dunes Pavilion (Sequential Phases)
Phase 2: New Addition

ID	Task Name	Duration	Start	Finish	Predecessor
31	Interior Finishes	63 days	Tue 7/23/13	Thu 10/17/13	
32	Partitions	30 days	Tue 7/23/13	Mon 8/13/13	31
33	Doors/Windows	7 days	Tue 8/13/13	Wed 8/14/13	32
34	Paint	10 days	Thu 8/15/13	Wed 8/28/13	33
35	Flooring	8 days	Thu 8/15/13	Thu 10/3/13	34
36	Specialty Finishes	10 days	Fri 10/4/13	Thu 10/17/13	35
37	Exterior Finishes	50 days	Tue 7/23/13	Mon 9/30/13	31
38	Handrails	15 days	Tue 7/23/13	Mon 8/12/13	32
39	Stairs	10 days	Tue 8/13/13	Mon 8/26/13	38
40	Entrance	20 days	Tue 8/27/13	Mon 9/23/13	39
41	Landscaping	9 days	Tue 9/24/13	Mon 9/30/13	40
42	Remobilization	22 days	Fri 10/4/13	Mon 11/4/13	41
43	Demo Sit	5 days	Fri 10/4/13	Thu 10/10/13	42
44	Punch List	10 days	Fri 10/11/13	Thu 10/24/13	43
45	Final Clean	5 days	Fri 10/25/13	Thu 10/31/13	44
46	Inspections	1 day	Fri 11/1/13	Fri 11/1/13	45
47	Turnover	1 day	Mon 11/4/13	Mon 11/4/13	46
48	PPE	9 days	Tue 11/5/13	Fri 11/15/13	47
49	Equipment	5 days	Tue 11/5/13	Mon 11/11/13	48
50	Furniture	5 days	Tue 11/5/13	Mon 11/11/13	49
51	Systems	3 days	Tue 11/12/13	Thu 11/14/13	50
52	Open for Business	1 day	Fri 11/15/13	Fri 11/15/13	51



Dunes Pavilion New Addition
Preliminary Schedule
2/21/12

Task Split Progress

Milestones Summary Project Summary

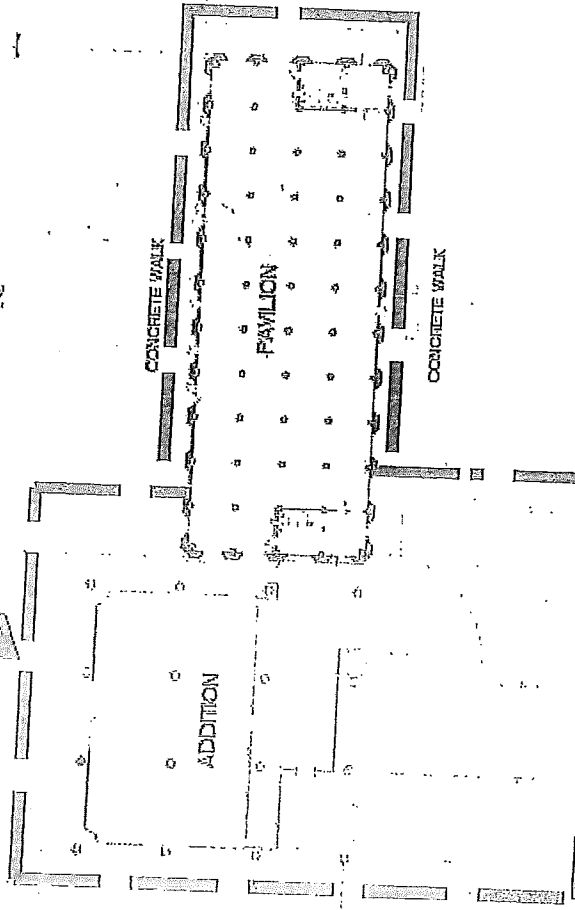
External Tasks External Milestones Deadline

LAKE MICHIGAN

Scenario I Pavilion Logistics Plan 9/9/13 thru 12/6/14

BEACH

Fencing



CONCRETE WALK

PAVILION

ADDITION

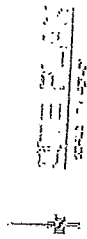
CONCRETE WALK

EXISTING PARKING

Construction Staging Area

STREAM

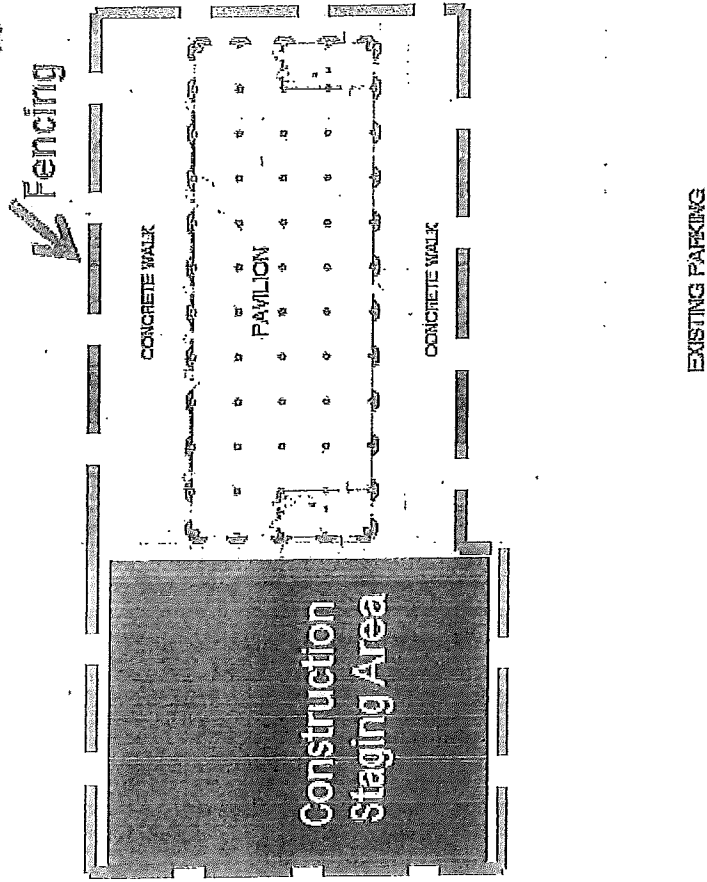
Open Pedestrian Path



LAKE MICHIGAN

Scenario 2: Phase 1 Pavilion Renovation Logistics Plan 9/7/12 thru 2/14/13

BEACH

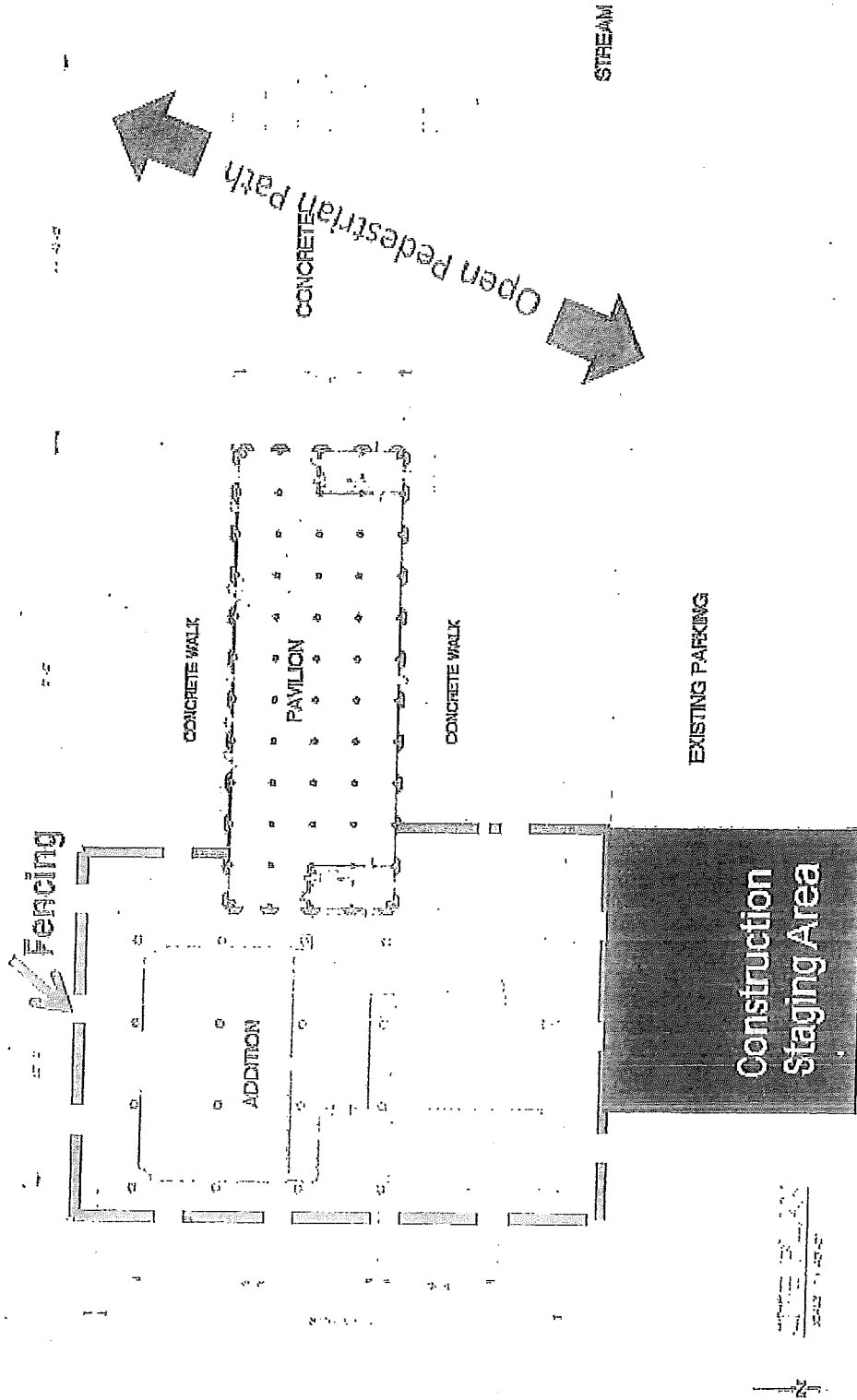


DATE: 9/7/12
BY: [Signature]

LAKE MICHIGAN

Scenario 2: Phase 2 New Addition Logistics Plan 2/18/13 thru 11/15/13

BEACH



e. Compensation to the IDNR

The Developer is committed to arriving at a fair and equitable agreement that will provide a standard for public/private partnerships.

With the spirit of the partnership as the context for these discussions, the Developer recognizes that the State is providing it with a tremendous opportunity:

- Business access to one of the most frequently-visited beaches in the Nation
- Ability to utilize an historical-landmark facility that carries instant brand recognition in the public's eye.
- The opportunity to add value to the partnership and create the template for future endeavors of this sort.

In return, the Developer believes it is providing the State with commensurate value, e.g.;

- Funds to renovate and add to the deteriorating facility and infrastructure thus augmenting the visitor's experience;
- Funds to maintain the property--alleviating the expense to the state;
- Consumer services that will increase traffic to the park thus increasing the gate revenues to the State Treasury.

For purposes of the Pro forma, the Developer has budgeted \$18,000/annum lease payment. It is expected that this amount will be discussed in further detail as a mutual understanding is established regarding the finer details of the partnership. Examples of specific points that will impact the economics of the agreement are:

1. Establishment of expectations of accountability as it relates to the public restrooms and lifeguard space;
2. Potential tax-abatement scenarios;
3. Dedicated parking allocation and maintenance requirements

f. Pro forma Financial Statement

Assumptions

1. The Proforma treats the different enterprises as a consolidated operating entity.
2. Revenue and operating costs are both shown to increase 3% annually.
3. Rent to State: \$18,000
4. Debt
 - a. 20-year, fixed loan
 - b. 6% interest

	Y1	Y2	Y3	Y4	Y5	Y6	Y7	Y8	Y9	Y10
Sales: Banquet and Restaurants										
Banquet Hall	\$ 2,682,827	\$ 2,763,311	\$ 2,846,211	\$ 2,931,597	\$ 3,019,545	\$ 3,110,131	\$ 3,203,435	\$ 3,299,538	\$ 3,398,525	\$ 3,500,480
Brick-oven Eatery	\$ 1,341,413	\$ 1,381,656	\$ 1,423,105	\$ 1,465,799	\$ 1,509,773	\$ 1,555,066	\$ 1,601,718	\$ 1,649,769	\$ 1,699,262	\$ 1,750,240
Rooftop Cabana	\$ 1,341,413	\$ 1,381,656	\$ 1,423,105	\$ 1,465,799	\$ 1,509,773	\$ 1,555,066	\$ 1,601,718	\$ 1,649,769	\$ 1,699,262	\$ 1,750,240
Ice Cream and Snacks	\$ 596,184	\$ 614,069	\$ 632,491	\$ 651,466	\$ 671,010	\$ 691,140	\$ 711,875	\$ 733,231	\$ 755,228	\$ 777,885
Total Food and Beverage Sales	\$ 5,961,837	\$ 6,140,692	\$ 6,324,913	\$ 6,514,660	\$ 6,710,100	\$ 6,911,403	\$ 7,118,745	\$ 7,332,308	\$ 7,552,277	\$ 7,778,845
Cost of Food and Beverage	\$ 2,265,498	\$ 2,333,463	\$ 2,403,467	\$ 2,475,571	\$ 2,549,838	\$ 2,626,333	\$ 2,705,123	\$ 2,786,277	\$ 2,869,865	\$ 2,955,961
Sales	\$ 3,713,609	\$ 3,825,017	\$ 3,939,768	\$ 4,057,961	\$ 4,179,700	\$ 4,305,091	\$ 4,434,243	\$ 4,567,271	\$ 4,704,289	\$ 4,845,417
Operating Expenses										
Payroll	\$ 530,604	\$ 546,522	\$ 562,917	\$ 579,805	\$ 597,199	\$ 615,115	\$ 633,568	\$ 652,575	\$ 672,153	\$ 692,317
Management	\$ 1,013,512	\$ 1,043,918	\$ 1,075,235	\$ 1,107,492	\$ 1,140,717	\$ 1,174,939	\$ 1,210,187	\$ 1,246,492	\$ 1,283,887	\$ 1,322,404
Hourly Employees	\$ 1,544,416	\$ 1,590,439	\$ 1,638,152	\$ 1,687,297	\$ 1,737,916	\$ 1,790,053	\$ 1,843,755	\$ 1,899,068	\$ 1,956,040	\$ 2,014,721
Total Salary and Wages	\$ 160,970	\$ 165,799	\$ 170,773	\$ 175,896	\$ 181,173	\$ 186,608	\$ 192,206	\$ 197,972	\$ 203,911	\$ 210,029
Payroll Taxes	\$ 95,389	\$ 98,251	\$ 101,199	\$ 104,235	\$ 107,362	\$ 110,582	\$ 113,900	\$ 117,317	\$ 120,836	\$ 124,462
Workers Comp.	\$ 59,618	\$ 61,407	\$ 63,249	\$ 65,147	\$ 67,101	\$ 69,114	\$ 71,187	\$ 73,323	\$ 75,523	\$ 77,788
Group Medical	\$ 315,977	\$ 325,457	\$ 335,220	\$ 345,277	\$ 355,635	\$ 366,304	\$ 377,294	\$ 388,612	\$ 400,271	\$ 412,279
Total Employee Benefits	\$ 1,860,093	\$ 1,915,896	\$ 1,973,373	\$ 2,032,574	\$ 2,093,551	\$ 2,156,358	\$ 2,221,049	\$ 2,287,680	\$ 2,356,310	\$ 2,427,000
Direct Operating Expenses	\$ 298,092	\$ 307,035	\$ 316,246	\$ 325,733	\$ 335,505	\$ 345,570	\$ 355,937	\$ 366,615	\$ 377,614	\$ 388,942
Music and Entertainment	\$ 5,962	\$ 6,141	\$ 6,325	\$ 6,515	\$ 6,710	\$ 6,911	\$ 7,119	\$ 7,332	\$ 7,552	\$ 7,779
Marketing	\$ 119,237	\$ 122,814	\$ 126,498	\$ 130,293	\$ 134,202	\$ 138,228	\$ 142,375	\$ 146,646	\$ 151,046	\$ 155,577
General and Administrative	\$ 310,016	\$ 319,316	\$ 328,895	\$ 338,762	\$ 348,925	\$ 359,393	\$ 370,175	\$ 381,280	\$ 392,718	\$ 404,500
Custodial	\$ 75,000	\$ 77,250	\$ 79,568	\$ 81,955	\$ 84,413	\$ 86,946	\$ 89,554	\$ 92,241	\$ 95,008	\$ 97,858
Grounds	\$ 18,000	\$ 18,540	\$ 19,096	\$ 19,669	\$ 20,259	\$ 20,867	\$ 21,493	\$ 22,138	\$ 22,802	\$ 23,486
Utilities	\$ 137,122	\$ 141,236	\$ 145,473	\$ 149,837	\$ 154,332	\$ 158,962	\$ 163,731	\$ 168,643	\$ 173,702	\$ 178,913
Property Management Fee	\$ 100,074	\$ 103,076	\$ 106,169	\$ 109,354	\$ 112,634	\$ 116,013	\$ 119,494	\$ 123,078	\$ 126,771	\$ 130,574
Repairs and Maintenance	\$ 59,618	\$ 61,407	\$ 63,249	\$ 65,147	\$ 67,101	\$ 69,114	\$ 71,187	\$ 73,323	\$ 75,523	\$ 77,788
Rent to State	\$ 18,000	\$ 18,540	\$ 19,096	\$ 19,669	\$ 20,259	\$ 20,867	\$ 21,493	\$ 22,138	\$ 22,802	\$ 23,486
Property Taxes	\$ 80,000	\$ 82,400	\$ 84,872	\$ 87,418	\$ 90,041	\$ 92,742	\$ 95,524	\$ 98,390	\$ 101,342	\$ 104,382
Total Occupancy Costs	\$ 98,000	\$ 100,940	\$ 103,968	\$ 107,087	\$ 110,300	\$ 113,609	\$ 117,017	\$ 120,528	\$ 124,143	\$ 127,868
TOTAL OPERATING EXPENSES	\$ 3,081,214	\$ 3,173,650	\$ 3,268,860	\$ 3,366,925	\$ 3,467,933	\$ 3,571,971	\$ 3,679,130	\$ 3,789,504	\$ 3,903,189	\$ 4,020,285
Plus: Net Profit: Gift Shop	\$ 17,270	\$ 17,788	\$ 18,322	\$ 18,871	\$ 19,438	\$ 20,021	\$ 20,621	\$ 21,240	\$ 21,877	\$ 22,533
Rental	\$ 649,665	\$ 669,155	\$ 689,230	\$ 709,907	\$ 731,204	\$ 753,140	\$ 775,734	\$ 799,006	\$ 822,976	\$ 847,666
Debt Service	\$ 498,215	\$ 498,215	\$ 498,215	\$ 498,215	\$ 498,215	\$ 498,215	\$ 498,215	\$ 498,215	\$ 498,215	\$ 498,215
NET OPERATING INCOME	\$ 151,450	\$ 170,940	\$ 191,015	\$ 211,692	\$ 232,989	\$ 254,925	\$ 277,520	\$ 300,792	\$ 324,762	\$ 349,451
Depreciation/Amortization	\$ 165,103	\$ 165,103	\$ 165,103	\$ 165,103	\$ 165,103	\$ 165,103	\$ 165,103	\$ 165,103	\$ 165,103	\$ 165,103
Add Back Principle	\$ 154,718	\$ 164,260	\$ 174,391	\$ 185,147	\$ 196,567	\$ 208,691	\$ 221,562	\$ 235,228	\$ 249,736	\$ 265,139
TAXABLE EARNINGS	\$ 141,065	\$ 170,098	\$ 200,304	\$ 231,737	\$ 264,454	\$ 298,513	\$ 333,979	\$ 370,917	\$ 409,395	\$ 449,488

g. Concessionaire

The developer will work with the current concessionaire to ensure a smooth transition and may invite them to submit a proposal for continuation of services. The developer will also explore the relationship with the FSSA to understand the partnership with the Indiana School for the Blind.

h. Adding Value and Benefits to the Surrounding Community and Visitors

The opportunities to add value and benefits to the surrounding community and visitors to the facilities are boundless. It is the intention of the developer to partner with community groups, educational groups, and environmental groups as well, as State and National Park, personnel to enhance the experience and awareness of the features of the Lake and its surrounding properties. The overall theme of the facilities will emphasize the natural beauty and features of the Lake and its surrounding flora and fauna, as well as to encourage a respect for and desire to protect these natural wonders.

Among the specific ideas that will be explored:

1. Throughout the facility and grounds we will locate various interpretive signs, markers and interactive kiosks to give visitors facts and information relative to the Lake and the natural features of the property. A number of historic postcards of the Pavilion and beach area also exist and will be enlarged as artwork to tell the historic story of the Pavilion.
2. School groups will be encouraged to use the facilities as a part of their environmental learning sections. Special bag lunches and activities can be provided, as well as a "walking tour" of the interpretive areas of the facilities for a more time limited experience.
3. Hiking packages may also be created for a variety of timeframes needed and can be named according to the theme of the hike. Meal packages can be included.
4. Menu items, menus and kids menus with activities will be developed with the theme of the location in mind and will include informative tidbits about the Lake and the Dunes.
5. Partnerships with surrounding colleges and universities will be created. For example, Valparaiso University has a Meteorology program. Our project could provide opportunities for VU students to use the facilities to conduct science and weather related studies. Engineering students at Valparaiso and Purdue Universities may use the properties for projects as well. Students may be tapped to volunteer at the Center to give other student groups an exposure to weather and science or engineering studies.
6. Observation "parties" can be held on the Pavilion rooftop for viewing special astrological events like meteor showers, lunar eclipse events, and other more general galaxy and star gazing activities.
7. In partnership with area Visitor and Tourism centers, package experiences will be developed.
8. Events such as Nature Scavenger Hunts may be conducted (daytime and nighttime).
9. The banquet facility will be naturally used for group conferences and hosting events for civic groups, associations, etc. The vistas from the banquet facility, as well as the rooftop, will give local representatives of these organizations the opportunity to boast the very best of Indiana's borders.

We are fortunate that in Northwest Indiana we have an abundance of knowledgeable environmental groups, Visitor and Tourism groups, and universities that can provide expertise, skills and knowledge to expand the opportunities for people to experience these natural wonders right in our front yard.

Resources will include any out of pocket expenses to develop materials and interpretive markers, all of which would be considered marketing expenses for the facility.

In its Interpretive Master Plan published in 2008, the Indiana Dunes State Park included the following with respect to the Pavilion plans:

"Plans are in progress to convert the second floor of the Pavilion into a restaurant with dining room. The view of Lake Michigan is outstanding. Working with Inns and Concessions, the Lake Michigan theme can be incorporated into the restaurant.

A. Menus

Include brief information about Lake Michigan and the dunes in the menu. Where appropriate, food item names can fit with the park theme. Kids menus can include activities (coloring sheets, word searches, etc.) that interpret the park.

B. Interpreting the View

Tables near windows will have a beautiful vista of Lake Michigan. Interpretation should orient visitors to this view, including direction and mileage to various points. For example, direction and miles to: Chicago, Milwaukee, Straits of Mackinaw would provide a sense of the lake's size. This information could be presented via permanent signs at the windows, or printed on tablecloths. Paper placemats that visitors could take with them is another possibility. The placemat would in effect become a flyer containing interpretive and park information.

C. Restaurant Interior

View from Pavilion Window

There is a wealth of historic photos of the pavilion, park and dunes region. Large wall photos as well as related artifacts with brief labels would establish the theme and significance of Indiana Dunes.

D. Exhibits

The Nature Center has several exhibits on casters. These will be replaced and the existing exhibits can be moved to the Pavilion and used in the waiting area for the restaurant. The structures themselves are in good shape, but the information would need to be cleaned up and/or changed."

In addition, the plan acknowledges numerous partnerships and regional resources that will be explored to ensure that the entire Northwest Indiana community continues to be actively involved in the enjoyment and respect for this beautiful and unique natural asset.

The developer will continue to study the Master Plan and be sensitive to the vision created for the Park.

i. Statement of Investment and Financing Plan

The preliminary projected cost for the project is \$6,439,000. This will deliver the base building ready for installation of furniture, finishes, and equipment (FF&E). The Developer has arranged a conventional bank loan based on the following terms:

1. 20-year fixed rate
2. 6% interest
3. 90% loan to value

Sources of Equity: See attached financials for Chuck Williams and Peter Kaiafas for sources of equity. It is anticipated that funds for the FF&E for the space will be raised from interested investors.

Information about the Development Team

a. Dunes Development Group (DDG)

Chuck Williams
212 East Lincolnway
Valparaiso, In 46383
Phone: 219-464-8416 Ext. 13
Fax: 219-464-3977
Email: cwilliams@elegant.com

b. The form of organization will be a Limited Liability Company, with the lead developer being Chuck Williams.

c. Principals in the development include

Chuck Williams, president, Elean Customwear and managing partner of GLM, LLC that is a real estate development and holding company.

Peter Kaiafas, owner/operator of the Avalon Manor Banquet Facility in Merrillville, IN

Erik Froelich, organizational management consultant with prior REIT management experience, formerly of Reckson Associates Realty Corp. (currently known as RXR Realty Corp.)

d. The principals certify that no individuals or entities seeking participation in this project either as investors or contractors are presently disbarred, suspended, proposed for disbarment, declared ineligible, or voluntarily excluded from a public transaction by any state agency. The principals also certify that none of the individuals or entities have been convicted of or had civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain or performing a public transaction or contract under a public transaction, or for violation of federal or state antitrust statutes or for commission of embezzlement, theft, forgery, bribery, falsification of records, or making false statements, within the three years prior to the submission of this proposal.

e.

Chuck Williams, DOB	, SS#:
Peter Kaiafas, DOB	SS#
Erik Froelich, DOB	, SS#

f. Marina management experience not applicable at this time.

g. Technical and/or available managerial staff

Property development, operations and maintenance will be provided by Chuck Williams, with experience in developing a multi million dollar company, as well as expertise in real estate development. In 2003, Williams was awarded the State of Indiana Main Street Award for the historic preservation of his downtown Valparaiso office building which houses Elean Customwear and the restaurant, Buffalo Wild Wings. Williams currently oversees seven properties in Porter County, including two restaurants.

Mr. Peter Kaiafas will be the owner and manager of the banquet facility, restaurant, and rooftop deck food service and bar areas. Mr. Kaiafas grew up in the family restaurant business (The Patio, Merrillville, IN) and has worked every aspect of food service. He currently owns and operates one of the largest banquet facilities in Northwest Indiana, the Avalon Manor, known as the premier facility to host weddings, corporate events, fundraisers, proms, and a host of other events. The Avalon seats 30 - 1200 in a 30,000 square foot facility.

Erik Froelich will provide the financial and operational expertise and brings with him significant experience in the management of a REIT portfolio containing over 22 million square feet, more than 1600 tenants and operations in the most demanding markets in the country. Mr. Froelich also has extensive experience in the homebuilding industry and is a recognized expert in the design of customer-focused organizations.

h. References

PETER KAIAFAS REFERENCES:

Ivy Tech Community College
Becky Sacopoulos
219-981-4432

Indiana University Northwest
Kathy Tallos
219-980-6801

Methodist Hospital
Evelyn Morrison
219-886-4412

Association of Iron of Steel Technology
Tom Cipich
312-968-0302

See also Exhibit C, titled Avalon Manor, for additional customer testimonials.

i. Customer Service Training

Each of the organization's principals is a seasoned professional in customer service driven businesses and each has derived his success by maintaining the highest customer service standards. Mr. Kaiafas' Avalon Manor has consistently been recognized in regional newspaper reader opinion awards as Best Banquet Hall, as Best Place for Corporate Events and Best Banquet facility by Northwest Indiana Business Quarterly, and Best Wedding Reception Site in the entire State of Indiana in The Knot online readers poll in 2011.

Included as Exhibit C, titled "Avalon Manor" is the personnel handbook for Avalon Manor employees.

While in the homebuilding industry, under his leadership as Chief Operating Officer, Mr. Froelich's firm was the recipient of the prestigious NRS/Professional Builders Award in customer Satisfaction, Best in Class, recognizing the company as the best builder in terms of customer service nationwide among builders of 50 - 99 homes annually.

j. **Background Checks** will be performed on potential employees utilizing the Prospera HR service.

k. **Industry Certifications**

Mr. Kaiafas' current banquet facility is Serve Safe Sanitation Certified and American Chefs Federation Certified.

l. **Architectural/Engineering Firms**

Scott Virtue of Virtue Architects, PC (Professional Corporation) will develop the design and prepare the construction documents for the renovation of the Pavilion and the construction of the Banquet Hall addition. Mr. Virtue has extensive experience in the renovation and preservation of historic properties. He also has experience in commercial and industrial building design, as well as, the renovation of over 2 dozen homes in Porter County. Scott has designed literally hundreds of building in NW Indiana over the past 25 years. A brochure detailing some of these projects, with photographs, is contained as Exhibit D.

m. Some or all of the principals proposed in this plan will have a financial interest in the development of and the operations of the business or businesses. Additional relationships may be created as the project progresses and is financed.

n. Confidential financial statements are contained as Exhibit E.

o. Bank References:

Chuck Williams Bank Reference

Ms. Rene A. Martin
First Vice President
855 Thornapple Way
Valparaiso, IN 46383

Peter Kaiafas Bank Reference:

Mr. Greg Gordon
Vice President, Commercial Banking
Centier Bank
600 E 84th Ave.
Merrillville, IN 46410 .

p. The operator(s) has not been adjudicated as bankrupt.

q. There are no judgments, suits or claims pending against the operator(s).

r. The operator is currently interviewing construction and engineering firms as well as other possible participants in the project. We are confident that there is a wealth of talent available in Northwest Indiana to bring to the State of Indiana the highest quality project at the Indiana Dunes State Park. No additional participants have been finalized at this stage of development.

s. Resumes of the principals detailing work experience that is pertinent to the success of developing and operating this type of facility are contained as Exhibit E.

t. The operator proposes to work with the State to determine the most appropriate accounting system that will reflect gross sales, taxes collected, and any other information required for the purposes of an audit.

u. **Guest Satisfaction Tracking System**

The operator(s) will use a third party customer satisfaction tracking system such as JD Powers.

v. **Maintenance**

Chuck Williams who currently oversees maintenance contracts for seven properties in Porter County, including 2 restaurants, will lead maintenance of the facility.

w. **Other Attributes**

The combination of experience and talent of the principals and architect will ensure that the vision established in the 2008 Master Plan and the continued enjoyment of Indiana's most precious asset for decades to come will be realized.



Mr. Chuck Williams started and has grown a successful multi million dollar company and is managing partner of a real estate development and holding company, In 2003 Williams was awarded the State of Indiana Main Street Award for historic preservation of his downtown Valparaiso office building which houses his businesses, Buffalo Wild Wings, and a church. He has received numerous awards including Young Entrepreneur of the Year for Northwest Indiana, the State of Indiana and of the Midwest Region by the US Small Business Administration.

Williams has been the driving force behind many local initiatives in his roles on the Valparaiso Redevelopment Commission, the Valparaiso City Council, the Regional Bus Authority and the Board of Public Works & Safety,

Once the Pavilion is renovated and the addition is completed, the customer experience will be largely driven by the food service and group event sections of the facilities. It will be important that the facilities and services enhance the positive experiences of the beachgoer as well.

Mr. Peter Kaiafas grew up in the restaurant and banquet business and successfully operates one of the largest banquet facilities in Northern Indiana. At the heart of his success is his commitment to quality and customer service. Most recently, his current business, Avalon Manor, has received numerous prestigious awards such as Readers Choice as Best Banquet Hall by readers of both regional newspapers, Best Place for Corporate Events and Banquet Facility by Northwest Indiana Business Quarterly and Best Wedding Reception Site in the entire State of Indiana in The Knot online reader poll.



Kaiafas successfully manages facilities, customers, large and small groups, business and private groups, all with attention to detail and focus on the customer experience.



Mr. Erik Froelich brings an invaluable combination of property development and management, as well as, customer service experience to the partnership team. In his role as management consultant, he has increased productivity for several organizations. His experience in growing sales and bottom line results with publicly traded and large private and government organizations will help guide this project to success, again with an emphasis on the customer experience. As COO of a homebuilding company, Mr. Froelich helped grow the total sales by 300% while winning the NRS/Professional Builder Award for highest customer satisfaction.



Mr. Scott Virtue is no stranger to historic preservation projects. He worked with Mr. Williams on the restoration of his historic downtown Valparaiso building that won the State of Indiana's Main Street Historic Preservation Award. He was also the lead architect on the historic preservation and restoration of "The Factory" building in downtown Chesterton. Mr. Virtue has more than 25 years of architectural experience in design management for a variety of historic, commercial, industrial and residential projects. Mr. Virtue has a wealth of resources in the state and throughout the midwest with which he can collaborate to bring the character of this project to life.

Indiana Department of Natural Resources
Indiana State Parks and Reservoirs

Prospectus

A Business Opportunity

For the Development and Operation for the

**Adaptive Reuse Project for the
Indiana Dunes Pavilion
Chesterton, IN
Porter County**

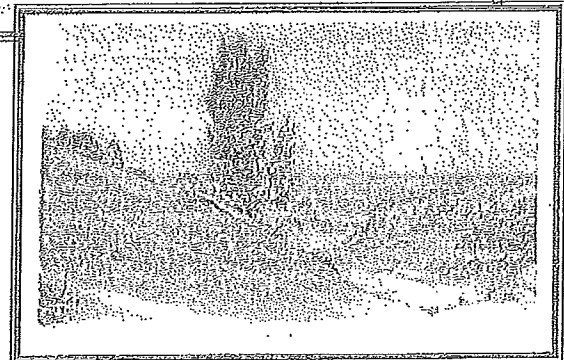
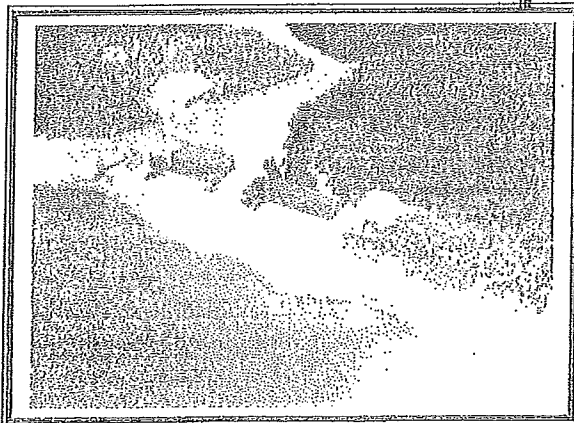
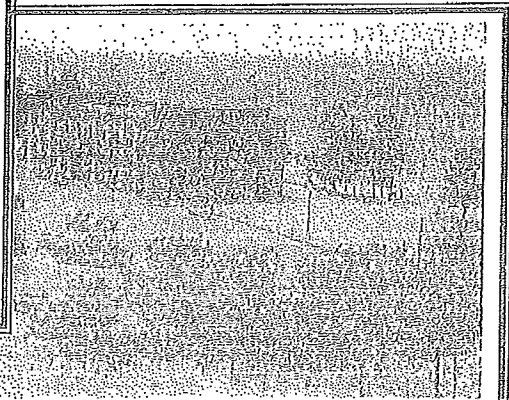
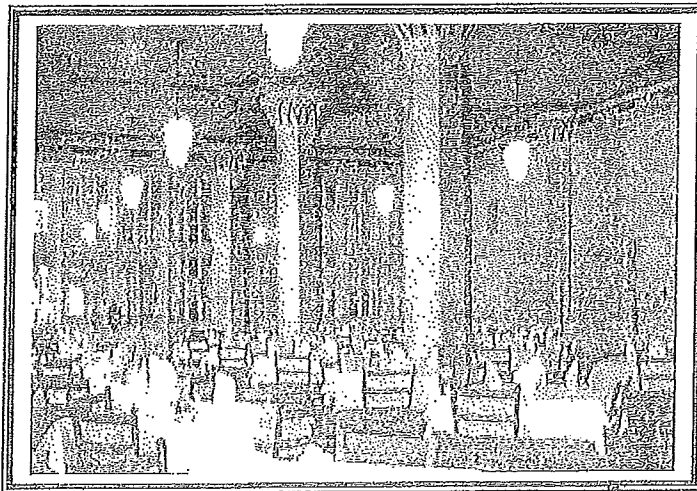


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Statement of Purpose

The information contained in the Prospectus is published as an aid to those who have an interest in entering into an agreement with the Department of Natural Resources, of the State of Indiana (**IDNR**), for the redevelopment and adaptive reuse of the Indiana Dunes Pavilion at the Indiana Dunes State Park, which is a significant and important historic structure at the park. Great consideration of the proposed final development shall be of paramount importance to this project. The final project shall be sympathetic to the history of the building, the park, and the IDNR. The Proposer shall be responsive to the requirements put forth in this document and will be allowed the opportunity to propose limited additional developments and services. The IDNR is open to other possibilities proposed by the operator; however additional items in proposals submitted may or may not be considered in the lease negotiations.

Statement of Responsibility

The IDNR accepts no responsibility for the accuracy of the statistical information provided herein. The provisions of any agreement pertaining to those lands must be in accord with the provisions of IC 14-18-2.

Independent Assessment

Operators are responsible for undertaking appropriate due diligence with respect to this business opportunity. The operator is also responsible for any costs incurred in the research and development of the proposal.

The Mission of Indiana State Parks and Reservoirs is:

To manage and interpret our properties' unique natural, wildlife and cultural resources using the principles of multiple use and preservation, while sustaining the integrity of those resources for current and future generations.

The Vision of the Division is:

Excellence in stewardship, recreational diversity, interpretation, service and growth resulting in unique places that people respectfully use, enjoy and cherish.

Authorization

The IDNR proposes to enter into a contract described herein under the provisions of IC 14-18-2.

Statement of Intent

The IDNR will accept proposals for the adaptive reuse, operation, and maintenance of the Indiana Dunes Pavilion, Indiana Dunes State Park, Chesterton, IN. A detailed prospectus is available from the Department of Natural Resources, 402 W. Washington Street, Room W298, Indianapolis, IN 46204, (317) 232-4140. All proposals and other information as required by the prospectus shall be placed in a sealed envelope or package clearly marked as follows:

Proposal for:

Adaptive Reuse Project for the Indiana Dunes Pavilion
Indiana Dunes State Park, Porter County

DO NOT OPEN UNTIL 1:00 P.M. E.D.T March 1, 2012

Each envelope shall be marked with the name, address, and telephone number of the developer/operator.

All proposals must be delivered to Director, Indiana State Parks and Reservoirs, 402 W. Washington Street, Room W298, Indianapolis, IN 46204, no later than 1:00 P.M. E.D.T. March 1, 2012

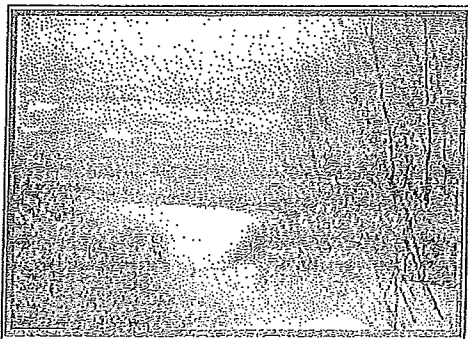
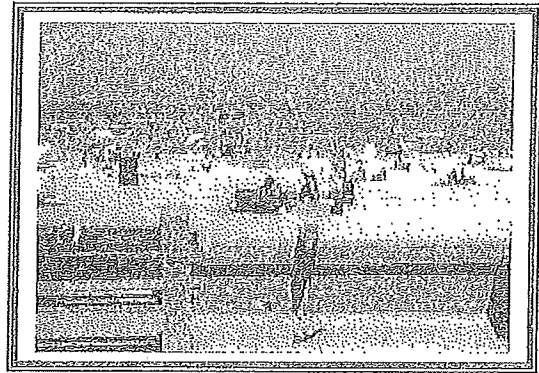
Project Calendar

November 18, 2011	First Publication of Statement of Intent
November 30, 2011	Second Publication of Statement of Intent
December 16, 2011	Third Publication of Statement of Intent
March 1, 2012	Proposals Due

The Setting

Indiana Dunes State Park consists of 2,182 acres of primitive, beautiful, historic, and amazingly unique Hoosier landscape. It lies at the north end of State Road 49 in Porter County and includes more than three miles of beautiful beach along Lake Michigan's southern shore. In the early 1900's scientists, recreationists, and nature enthusiasts, recognizing the value and potential of the Indiana dunes area, fought to have the region preserved. As a result, in 1925, the State Park was established.

Visitors today can enjoy Indiana Dunes State Park in a wide variety of ways. A campground, many picnic shelters and picnic areas, more than 16 miles of hiking trails, a swimming beach, and the Nature Center are available for visitors' use and are operated with visitor safety in mind. During the summer season, a beach pavillion provides shelter, restrooms with outside showers only, a snack bar, and gift shop. Dunes Nature Preserve, encompassing 1,530 acres and located within the boundaries of the state park, provides visitors with an opportunity to explore pristine and unique landscapes.



Indiana Dunes State Park features a wide variety of habitats, including beach, sand dunes, black oak forest, wooded wetlands, and a button-bush marsh. Together, these areas contain some of the most diverse flora and fauna in the Midwest. Botanists from across the country enjoy studying the unusual collection of plant life. In fact, it was here, that Henry Cowles, known to

many as the "father of ecology" did his landmark studies of succession in the early 1900s. As a result of his work, Indiana Dunes became known as "the birthplace of ecology." The dunes provide an opportunity to explore an exciting and ever-changing landscape. In several areas, huge "living" or "moving" dunes are slowly being blown inland, burying forests as they go. A prime example can be seen from Trail 9. Other interesting features include "tree graveyards" (places where forests have been buried by sand and then, more recently, re-exposed by wind erosion). "Tree graveyards" can be seen in Big Blowout, near Trail.10. The Indiana Dunes area also is renowned throughout the Midwest for its birding. Indiana Dunes National Lakeshore, a federally administered park comprising approximately 15,000 acres, surrounds Indiana Dunes State Park.

CALUMET TRAIL

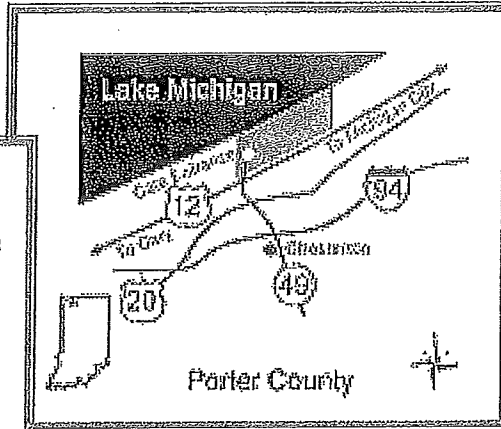
The Calumet Trail is a 9.2-mile trail designed for bicycling, jogging, hiking, and cross-country skiing. It lies adjacent to Indiana Dunes State Park and passes through Indiana Dunes National Lakeshore, providing a link to several points of interest. The Calumet Trail was developed on land leased from the Northern Indiana Public Service Company. It lies within the company's utility corridor, and was developed with the assistance of the Northern Indiana Public Service Company and the National Park Service.

Activities and Facilities

- Nature Center/Interpretive Naturalist Services
- Picnicking/Shelters (Shelter Reservations)
- Access to Calumet Trail (9 miles of hiking)
- Cross-country Skiing (trails available, no ski rental)
- Fishing
- Hiking Trails
- Swimming / Beach

Camping

- Electric - 140 (all 50 amp service)
- Youth Tent Area



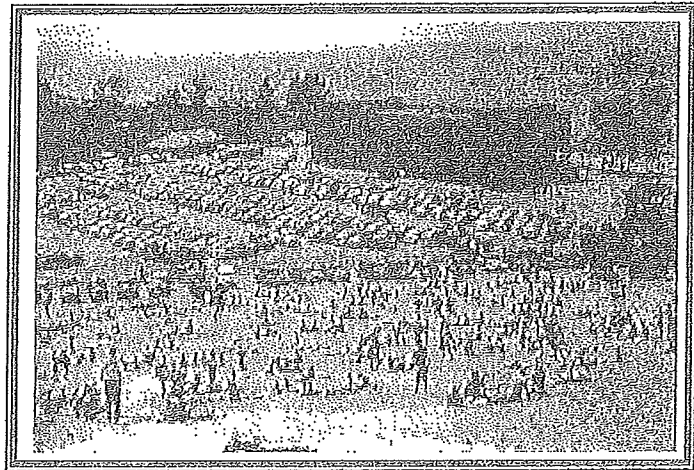
Area Attractions

- Crown Point Courthouse
- Door Prairie Auto Museum
- John Dillinger Museum
- Memorial Opera House
- Old Jail Museum
- Old Lighthouse Museum
- Star Plaza Theatre
- Back Road Brewery
- Dune Ridge Winery
- 4 local Casinos

The Offering

The Adaptive Reuse of the Indiana Dunes Pavilion is offered to prospective operators to re-develop, operate, and maintain the Indiana Dunes Pavilion and other appropriate facilities that would be compatible and enhance the operation.

The Pavilion is an integral part of the Indiana Dunes State Park, and is in need of rehab and repair. Since the IDNR does not have the funding to undertake this type of project, the IDNR is seeking a Public/Private partnership to accomplish this goal. This building has been remodeled over time, and the IDNR is interested in offering the re-development of this structure within the scope of this offering.



Currently, the restroom and shower facilities are located on the lower level; with a fast food snack operation and gift shop are on the second level. When originally developed, the first floor was a fine dining establishment, and the shower rooms were on the second level. Guests also had access to the roof as a type of patio and viewing area.

Many of the original architectural features are still present on the lower level, but false ceilings and other obstructions have covered these up.

A long-term lease will provide use of the land. In keeping with Indiana law (IC 14-18-2), the offering will be competitive and will be designed to select a proposal which appropriately fulfills the IDNR's objectives for the project and which displays the ability of the operator to carry it out. The Natural Resources Commission will make the final selection, and a lease will then be negotiated. The competition is designed to permit interested operators to participate without being required to spend a significant sum of money for preparation of their proposals.

The Indiana Dunes Pavilion snack bar and merchandise concession is currently operated by a concessionaire provided through an interagency MOU with the FSSA's division of Blind and Visually Impaired. Developers interested in submitting a proposal under this offering should contact FSSA to possibly develop a partnership with this program.

The estimated visitation history for Indiana Dunes State Park is as follows:

Based on Fiscal years-July 1 through June 30

2011	1,108,571
2010	1,124,457
2009	1,181,363
2008	726,013
2007	904,035
2006	612,922

Generally, for a development of this nature, the IDNR would enter into a ground lease and the term of the lease would be 30years, with two 10-year options to renew. Ultimately, the IDNR will write a lease, which will:

1. Prescribe the manner and amount of payment of rent.
2. Will provide standards of performance.
3. Have a non-discrimination provision.
4. Provide that the rates and fees charged for goods and services will be in accord with those charged at similar private developments in the area.
5. Provide for the disposition of the leasehold and improvements at the termination of the lease.
6. Include adequate security to assure construction and operation of the facilities.
7. Require that plans and specifications for all structures, improvements and activities proposed be reviewed and approved by the IDNR.
8. If appropriate, allow the submission of the lease to the lien of any bank or similar lending institution for the improvements placed upon the IDNR's interest in the leased premises.
9. Require that the operator be responsible for all taxes, including property taxes on the improvements, unless the authority, which imposes such tax, abates any such taxes.
10. Require that the operator place a sign within the facility, and provide verbiage in all brochures, forms, and any other printed or electronic materials related to the operation, containing a statement that this facility is privately operated under a lease with the IDNR.
11. Require that the operator take part in ethics training provided by the Indiana Ethics Commission.
12. Contain a non-collusion affidavit.
13. Provide that the laws of the State of Indiana cover the lease.
14. Contain other clauses as determined as in the best interest of the State of Indiana.

Minimum Expected Services

The operator shall design, develop, build, manage and maintain the facilities accommodating all activities that are customary and usual to such operations within a state park property. The operator shall have the exclusive right to manage and maintain all of the facilities under the terms of the lease.

Full Service Restaurant and Banquet Service

The operator may provide high quality full service restaurant and banquet service, which in the reasonable opinion of the IDNR will best meet the needs of the public. Full service restaurant and banquet service must at all times be sufficient to meet the reasonable demands of the public. It is intended that the food be not only adequate, but be wholesome, attractively served, and is of a style that appropriately reflects the market. It is imperative that the guest's, including local patrons, expectations are met, and that they will want to return. Full service restaurant and banquet service operations shall be in operation year round. The operator shall follow all Indiana State Board of Health requirements and regulations as well as any other rules, regulations or laws imposed by any governing power.

Meeting Facilities

The operator may offer meeting facilities as part of this offer. Customers shall be given written contracts indicating what services the operator will provide for each individual meeting, reception, party, and at what costs these services will be provided.

Merchandise

The operator may offer merchandise for sale that is appropriate to the park and facility. The merchandise should be nature oriented, educational, and efforts should be made to provide Indiana products.

Snack Bar

The operator may offer a snack bar concession as part of this offer.

Other services

The operator may offer other services within the proposal. These items may or may not be included in the negotiations for a lease with the Department.

Restroom and shower facilities

The operator shall offer public restrooms and showers for the patrons of the beach. If these services are not offered within the structure, the operator shall indicate how and where these services will be offered.

Design and Development Guidelines

This section is designed to inform the operator of the minimum number of facilities and minimum requirements of design and construction. All proposals will be evaluated upon these guidelines.

Minimum Design and Development Criteria

- All designs shall conform to the requirements of the Americans with Disabilities Act.
- All Federal, State, and Local building codes shall be observed.
- Designs shall be sympathetic to the character of the Park or Reservoir property and other buildings located on the property.

The operator will incorporate barrier-free design into all facilities and ensure continuity between outdoor and indoor facilities with respect to accessibility for disabled users. Minimum guidelines for accessible design can be obtained from the United States Architectural and Transportation Barriers Compliance Board, 330 C Street, S.W., Room 1010, Washington D.C. 20202. In addition, IDNR has a publication entitled "Access to Recreation, Design Criteria for Eliminating Architectural Barriers", which should be consulted during the design process.

The operator shall comply and bear any costs associated with all requirements as set forth by the Division of Historic Preservation and Archeology in regard to investigation of sensitive sites.

General Development Guidelines

Utilities

The operator will be responsible for road development from the main park road, as well as any required improvements to the main park road as needed for this offer. The operator will also be responsible for bringing utility service to the site. In general, IDNR will require all utilities to be placed underground, including telephone and electric service. Installation of utilities must be done in accordance with all State, Federal, and local codes.

Electrical, Fire, and Building Codes

State electrical, fire, and building codes are required to be met in order to ensure high quality construction, safe habitation, and pleasing aesthetics for the site visitors and workers.

Solid Waste

Refuse generated by the development must be disposed of in a state-approved sanitary landfill located off site. Furthermore, all collection, transportation, and

disposal of solid waste must be in conformity with county and state public health regulations. It must be removed regularly to ensure there will be no odor, health or aesthetic problems.

Alcohol

Current state statute does not allow for the sale or display of alcohol by the Licensee. Current DNR regulations also prohibit alcohol within Indiana Dunes State Park.

Snow removal

The IDNR will provide snow removal services on the main park roads and the roads leading to facility; however the operator is responsible for snow removal of the intermediate roads, parking lots and areas, entries and sidewalks within the leased area.

Grounds maintenance

The operator will be responsible for all ground maintenance within the facility area. This includes, but is not limited to, mowing, watering, fertilization, pest control, pruning, trimming, flowerbed maintenance, weeding and eradication of invasive species.

Building and infrastructure maintenance

The operator is responsible for all maintenance of the facility. The operator is also responsible for maintaining all parking lots, underground utilities, buildings and any other structures in the leased area.

Special Consideration to Historic Structures

Some of the facilities in the offer are listed on the National Register of Historic Places, and as such historic preservation laws, standards and guidelines shall be followed by the operator. Other locations not listed on the register may still fall under the regulation of the State Historic Preservation Office, due to their age and historic significance and the federal guidelines are also followed for these properties.

Federal Historic Preservation Laws

These laws lay the foundation for the National Park Service as the lead Federal preservation agency and for the national historic preservation partnership that includes NPS, other Federal agencies, Tribal Preservation Offices, State Historic Preservation Offices, Certified Local Governments, and private organizations. **For a free copy, send an e-mail to nps_hps-info@nps.gov with your mailing address.**

Standards and Guidelines

Since their publication in 1976, the Secretary's Standards developed by the National Park Service have been used by State Historic Preservation Officers and the National Park Service to ensure that projects receiving Federal grant money or tax benefits were reviewed in a consistent manner nationwide. The principles embodied in the Standards have also been adopted by hundreds of preservation commissions nationwide in local design guidelines. While the Standards provide a consistent philosophical framework for treatment, the Guidelines suggest a model process to follow in the work, and thus assist in applying the Standards to historic buildings.

Building Maintenance

The operator is responsible for all day-to-day maintenance of the facility. This includes, but not limited to; painting, cleaning, maintaining wall vinyl, tile, carpeting and all floor surfaces, ceilings, furnishings, telecommunication systems and computers. The operator will also be responsible to clean windows and do exterior maintenance such as, but not limited to; painting, caulking, staining, gutter maintenance, maintain outdoor fixtures, tuck pointing, stucco and plaster repair, minor roof repairs, sidewalk and hard surface repair. The operator will be responsible for maintaining all the mechanical systems within the facility including, but not limited to; fire suppression systems and alarms, electrical, plumbing, HVAC, elevators, boilers, water circulation systems, controls, equipment, and will also be responsible for any inspections, testing, and any preventative maintenance contracts for these systems.

Gate Fees

Indiana State Parks have had a philosophy of user fees since inception in 1916, and has collected gate fees ever since. Gate fees not only provide self generated revenue from users, but the gate operations also provide another form of security. If a person does not have a camping reservation, they will not be admitted to the park after 11:00 at night.

Currently, the gate fees at Indiana Dunes State Park are \$5.00 per car for vehicles with Indiana license plates, and \$10.00 for vehicles with out-of-state license plates. **This rate is subject to change at any time, with the approval of the Indiana Natural Resources Commission.** If they are camping guests, the camping registration will get them back in and out of the park until checkout. Those that come only to eat in dining rooms must also pay this fee. If the visitor has a valid annual pass, they will be admitted to the park without additional charge. Once visitors pay the entrance fee, or show an annual pass, they are allowed to use other services in accordance with property rules and regulations. If there are charges for other services in the park, the visitor will be required to pay these charges also. The park does offer gate waivers for

short-term banquet/meeting functions. In these cases, if the function is for more than 20 people, is at the facility for less than 8 hours, has no overnight stay and has an organized meal function at the facility, the group may apply for a gate waiver. Visitors that are attending a function for which a gate waiver has been issued may not use other park services.

Commercial vehicles making deliveries to the facilities, service and repair companies, and employees of the facility reporting to work, do not need to pay the entrance fee, but must sign in at the gate. Employees that wish to use the park for pleasure must pay the entrance fee or show an annual pass. For example, if an employee wishes to use the park after they get off work, during a time a gate fee is charged, they must exit the park, and then pay the entrance fee or show an annual pass to re-enter the park.

NOTE: Entrance fees will be charged during the period gates are open. Weekend operations begin on Friday and end on Sunday. Hours of operation may vary by property. At the property manager's discretion, gate operations may be suspended during periods of inclement weather, reduced visitation, or other approved reasons such as when income does not meet operating expenses. Property managers may authorize gate operations for special events or periods when revenue generation through gate fees will exceed gate operation costs.

Insurance

The operator shall at all times maintain, or cause to be maintained, the facilities insured against loss or damage by fire and from other causes customarily insured against under a standard extended coverage endorsement in an amount at least equal to the lesser of (1) the amount of \$1,000,000 or (2) 100 percent of the full replacement cost of the facilities; provided, however, such insurance may contain a reasonable loss deductible clause.

The operator shall at all times maintain, or cause to be maintained, general liability insurance in the amount of \$1,000,000.

The operator shall at all times maintain or cause to be maintained business interruption loss insurance to insure against loss of projected annual rental income payable pursuant to the Agreement, or any other leases of the facilities or any portions thereof, for such time (being at least for a period of twelve months) as use of the Projects or any portions thereof is interrupted by damage or destruction from perils insured against under a standard extended coverage endorsement in an amount equal to the fair rental value of such portions, all as are reasonably necessary to meet its obligations under the Agreement.

The operator shall maintain, or cause to be maintained, any additional or other insurance, which it shall deem necessary or advisable to protect its interests and those of the IDNR.

The operator shall maintain statutory Worker's Compensation and Employer's Liability insurance.

The operator shall maintain, or cause to be maintained, full coverage automobile liability insurance.

The operator shall maintain, or cause to be maintained, boiler and machinery coverage.

Any such insurance shall be in the form of policies or contracts for insurance with insurers of good standing and able to do business in the State of Indiana, or with an insurance group or state insurance pool acceptable to the IDNR. The IDNR and the State of Indiana shall be named as additional insured on all policies. Such insurance policies shall provide that they may not be canceled and may not expire without 30 days prior written notice to the IDNR.

The operator shall furnish to the IDNR a copy of each certificate of insurance or renewal notice thereof, evidencing the coverage of the types required to be maintained by the operator pursuant to the agreement, upon the issuance or renewal of such insurance or performance bond

Taxes

The operator will be responsible for all taxes imposed by federal, state or local taxing authorities.

Deer Reduction

Indiana State Parks conduct deer herd reductions at many of the parks where these facilities are located. This may or may not cause the closure of the facility for short periods of time. The reductions usually occur on 2 Monday and Tuesdays time periods in late November and early December. These reductions are usually spread 2 weeks apart. The parks are selected on an as need basis and every property may not have a reduction each year. There is no other hunting allowed on Indiana State Park properties.

Reports and Records

The operator shall keep, or cause to be kept, accurate books, records, and accounts of its operations, including all receipts and disbursements of money under the agreement, and these shall be kept apart from other operations. The Licensee shall make all reports concerning the operation available to the IDNR at such times at the IDNR may require. Separate accounting records shall be maintained for each facility operated under the terms of the agreement.

Books and records of account shall be kept in a form and manner satisfactory to the IDNR. The operator's records of operation shall be open to inspection and audit by the IDNR and its designated representative at all reasonable times during business hours. The right of inspection and audit shall exist during the term of the agreement and for a period of three (3) years after the term of the agreement. The records will be audited by the DNR at least every two years. A place shall be provided on premise for the audit staff that is conducive to conduct such work. The DNR may request that all documents needed be provided at an alternate location, such as the property office or the Indianapolis Central Office for review.

The Operator shall establish checking and/or banking accounts that shall be used only for the operation of the properties that are the subject of this offer.

The operator shall furnish the IDNR a copy of its annual audited financial statement including balance sheet, statement of changes in financial position, and statement of income together with appended notes, prepared in accordance with generally accepted accounting principles. Such audited financial statement shall be prepared by independent certified public accountant(s).

DNR Property Regulations

The DNR property regulations govern activities on all DNR properties and have the full force and effect of law. The operator shall adhere to all regulations set forth in the property regulations and to provide copies of these regulations to all patrons of the marina and boat rental. The operator shall inform the patrons if they observe any violations of the regulations; however, the operator does not have the authority to enforce these regulations, but shall notify the proper authorities of abuse of the regulations.

Right of Entry

The IDNR reserves the right at any time to enter upon or into the facilities under lease with the operator for any purpose.

Information to Be Submitted By Developers/Operators

All proposals and other information as required shall be placed in a sealed envelope or package clearly marked as follows:

Proposal

**Adaptive Reuse for the Indiana Dunes Pavilion
Indiana Dunes State Park, Porter County, Chesterton IN**

Not to be opened until 1:00 P.M. E.D.T., March 1, 2012

Each envelope shall be marked with the name, address, and telephone number of the operator. All proposals must be delivered to Director, Department of Natural Resources, 402 W. Washington Street, Room W256, Indianapolis, IN 46204, no later than 1:00 P.M. E.D.T, March 1, 2012. It is suggested that mailed proposals be sent by certified or registered mail, return receipt requested. Late proposals will not be accepted. It is the operator's responsibility to ensure that the proposal arrives on time.

Furthermore, IDNR reserves the right at its sole discretion to negotiate with any operator about its proposal. Therefore, lease documents will reflect final negotiations with the operator, and may or may not reflect proposal information specifically as submitted.

IDNR reserves the right to reject any and all proposals, and to waive any technical defects in the applicant's proposal package.

Confidential Information

Potential operators are advised that materials contained in proposals are subject to the Indiana Public Records Act, IC 5-14-3-1 et. Seq., and after the contract award, may be viewed and/or copied by any member of the public, including new agencies and competitors. Potential operators claiming a statutory exception to the Indiana Public Records Act, must place all confidential documents in a sealed envelope, clearly marked as "Confidential" and must indicate on the outside of their proposal that confidential materials are included and specify which statutory exception provision applies. The IDNR reserves the right to make determinations of confidentiality. If the IDNR does not agree that the information designated is confidential under one of the disclosure exceptions to the Indiana Public Records Act, it may either reject the proposal or discuss its interpretation of the allowable exceptions with the operator. If agreement can be reached, the proposal will be considered. If agreement cannot be reached, the IDNR will remove the proposal from consideration for award and return the proposal to the operator. The IDNR cannot and will not determine the proposed rental fee and/or fees or pro forma financial information to be confidential information.

OPERATORS SHOULD CAREFULLY CONSIDER THIS DOCUMENT AND THOROUGHLY READ THE INFORMATION WITHIN BEFORE COMPLETING THEIR PROPOSAL

All operators must make their own investigation as to the economic feasibility of the proposal, facts about the area, and estimates of probable business success, without reference to anything in the guidelines for development. IDNR makes no warranties or representations, expressed or implied about the information in these guidelines.

Questions in regard to this prospectus must be in writing or email format and sent to:

Indiana State Parks and Reservoirs
402 W. Washington Street, RM W298
Indianapolis, In 46204
Attn: Gary Miller
Or email:
gmill@dnr.IN.gov

All questions will be answered in writing and the questions and answers will be sent by mail to all individuals and companies that have received a proposal packet. Any questions posed to park personnel are unofficial and the responses may or may not reflect accurate information in regard to this process.

All questions shall be submitted by January 26, 2012. Questions submitted after this date may or may not be able to be answered in appropriate time for all parties to develop their proposal.

Proposal Requirements

Each submission shall include three copies of their proposal, which includes the following:

1. Cover Letter:

- a. A letter signed by a principal of the operator warranting that the facts set forth are true to the best of his/her information, knowledge, and belief.

2. Information Regarding the Developer/Operator's Intentions:

- a. Provide a detailed statement of the operator's willingness to:
 - 1) Develop restaurant and banquet facility under the conditions contained in this prospectus

- 2) Cooperate in IDNR's architectural review process throughout the entire development program, as specified in this prospectus as well as other approvals which may be needed such as IDEM or Historic Preservation and Archeology.
- b. Provide detailed description of the facilities, services and products the operator proposes to develop. Provide detailed information on the scope of services, how they will be provided, and what charges are projected for each service. This should be presented in a manner that the IDNR can fully understand the size and scope of the facilities, services and products the operator wishes to include.
 - c. Provide a description of the architectural style, size of the facility, including buildings materials, layout, and general design scheme. The IDNR wishes to understand the size and feeling of the development and how this relates to the rest of the property. Scaled drawings and renderings, plans and elevations of any buildings or site plans may be submitted, but are not required under this prospectus

Special note:

Since it is the essence of this offer for the development and operation of the Dunes Pavilion be open to the public, the answers provided for sections b and c above are of utmost importance. Each operator must address all areas of the prospectus, but shall be especially specific responding to sections b and c above. The IDNR should be able to determine from the answers provided, what facility will be like, and the scope of services proposed, without the need to contact the operator for further clarification. However, the DNR does reserve the right to request clarification of information submitted and to request additional information from any proposer.

- d. Provide a detailed statement of the construction sequence proposed by the operator, and the time period within which each construction stage would be started and completed, along with anticipated costs for construction.

- e. A detailed statement describing the proposed manner and amount of compensation to the IDNR.
- f. A pro forma financial statement of the expected gross revenues and expenses for each year, for the years of the lease indicated on the draft Pro-Forma enclosed, along with a description of the method of calculation. This shall include proposed rates for all services provided. Each year should be shown as a separate statement and shall include an explanation of assumptions used in deriving the revenue for the facility. Use the pro-forma form provided in the attachment section.
- g. Since there is currently a concessionaire in place, the developer shall provide a detailed transition plan indicating how a smooth transition will take place so that there is a seamless transition for the state and the customers.
- h. Provide a plan for and commitment to creating added value and benefits to the surrounding community and property visitors. This plan may include special events, educational programs, and community services activities that draw attention to and help interpret the property resources and safety concerns. In addition, you should identify special skills, knowledge, and resources needed and available to implement the plan.
- i. A detailed statement of the amount the operator is prepared to spend on the proposed development, to include:
 - 1. Amount and source of equity capital.
 - 2. Amount and source of other financing.
 - 3. If mortgage or other financing is to be obtained from a source, or sources, other than the operator, the proposal must contain a description of the source and an explanation of the operator's ability to obtain the necessary funds.
- j. A letter of authorization allowing IDNR to investigate, if necessary, the operator's and/or investor's financial ability to develop and operate the proposed facilities.

3. Information about the Development Team:

AGENDA ITEM #14

- a. The operator's firm name, address, telephone number, and representative authorized to deal with the IDNR.
- b. A description of the operator's proposed form of organization. Greater consideration will be given to proposals submitted by Indiana based operators or operators that have a partnership with Indiana firms. However, this does not preclude out of state operators from submitting a proposal, or being selected as the best proposal. The IDNR through the evaluation process will select the proposal that best meets the requirements of the offer, is most beneficial to the department, park visitors, and the citizens of the State of Indiana.
- c. A statement identifying the principals who would participate in the proposed development and the nature and extent, or percentage, of each principal's interest in the development group.
- d. The operator must certify that any of the individuals or entities seeking participation in this offer are not presently debarred, suspended, proposed for debarment, declared ineligible, or voluntarily excluded from a public transaction by any state agency. The operator must also certify that within three years prior to the submission of the proposal, none of the individuals or entities have been convicted of or had civil judgment rendered against them for commission of fraud or a criminal offense in connection with obtaining, attempting to obtain, or performing a public transaction or contract under a public transaction, or for violation of federal or state antitrust statutes or for commission of embezzlement, theft, forgery, bribery, falsification of records, or making false statements.
- e. The operator shall provide the DNR with the names, birthdates, and Social Security numbers of any owner or management members of the team. The DNR will do background checks which may include, criminal history checks, BMV checks, sex offender registry checks, and credit checks.
- f. A detailed description of the previous experience of the operator and any principals including:
 - i. A detailed statement describing prior successful experience with the management of foodservice that includes facilities within the scope of this offer. This should include a chronological list of foodservice properties. Include the dates of operation and approximate annual revenue from each

facility. Include the size of the facility, and list other services provided by the operator

- ii. List any contracts or leases the operator has lost, been terminated before completion, or not renewed in the past 10 years.
- iii. List projects of a similar nature the operator has handled through the pre-opening phase in the past 10 years.
- g. A detailed statement describing any technical and/or managerial staff available to the operator in carrying out the proposed development.
- h. Positive references from owners/clients having specific knowledge of the operator's development and management abilities.

Quality of Workforce/Training-- The IDNR is very interested in ensuring that quality service is offered to all visitors and recognizes that the value of the workforce and the caliber of employees affect the visitor experience. Recruiting, training and maintaining a quality workforce are a significant concern. Identify the efforts that will be undertaken to recruit, train, and maintain a quality workforce of year-round and seasonal employees.

- i. Describe in detail any customer service training the organization's employees receive relative to the jobs they perform.
- j. Describe what type of background checks will be performed on potential employees.
- k. Describe any industry certifications that your staff has or will have at the execution of the lease.
- l. Provide the names and the experience of any architect or architectural/engineering firm, or firms, which may be retained by the operator for the preparation of construction plans and specifications, including:
 - i. Name and experience of the member of the firm who will execute the design of the inn and other related facilities.

AGENDA ITEM #14

- ii. Photographs, brochures, and/or published material illustrating designs previously executed by the firm.
- m. A statement of any relationships between the operator and any parent companies or subsidiaries that might also take part in the development.
- n. Sufficient financial information to establish the financial ability of the operator to carry out the project. This should include, as a minimum, audited financial statements for the last 3 fiscal years. The necessary financial information must be submitted for both the operator and any parent company or subsidiary named above.
- o. The names and addresses of bank references for the operator and any other sources of equity capital.
- p. Indicate whether the operator has ever been adjudicated as bankrupt.
- q. Indicate if there are any judgments, suits, or claims pending against the operator.
- r. Names and descriptions of any other persons, firms, or organizations expected to be participants in the development or operation of the business.
- s. Provide résumés discussing work experience that would indicate the possible success of developing and operating this type of facility.
- t. Provide a description of an accounting system to be used which would reflect gross sales, taxes collected, and in general, a record keeping system for the purposes of an audit. This facility will be subject to annual audits by the IDNR or the Indiana State Board of Accounts.
- u. Describe in detail what type of guest satisfaction tracking system will be used at these facilities.
- v. Explain how maintenance of the facility will be handled.
- w. Provide information in regard to any other attributes of the operator that may be considered as special qualifications for carrying out the development and management of this offer.

Selection Process

After the closing date for submission of the proposals, all proposals received will be reviewed. Proposals that most appropriately fulfill the IDNR's objectives for the project, and display the ability of the operator to carry out the project, will be selected for presentation to an evaluation committee. However, the Department may elect to waive the oral presentation if it is felt that enough information has been submitted for a complete evaluation. The IDNR does reserve the right to request clarification of information submitted and re request additional information from any proposer.

Oral Presentation

Selected operators may be requested to make oral presentations of their proposal to the evaluation committee and will be contacted directly to arrange for a specific time for the presentation. Each presentation will be limited to one hour, with up to one additional hour for the evaluation committee to ask questions of the operator. **It is highly recommended that the principal personnel from each operator's organization who will have ongoing involvement in the management of the facility actually make the oral presentation and provide responses to the evaluation committee**

Proposals will be evaluated in respect to how each responds to the criteria listed in the offer. Various disciplines will be engaged to assist, as necessary, in the determination of the financial strength and ability of the operator, internal consistency or inconsistency of financial projections, and reasonableness of the projections, experience and expertise, compensation to the IDNR, and other factors listed above. Once the evaluation committee has reviewed all proposals and completed the oral presentation process, the IDNR will submit the best proposal for submission to the Natural Resources Commission for its approval.

After an operator is chosen, a detailed contract will be negotiated to cover all aspects of the project. It should be noted that the choosing of the operator does not constitute acceptance of the proposal. The process determines the operator with who the IDNR can negotiate actual terms.

The IDNR reserves the right to submit to the commission the next most qualified operator if the successful operator does not reach agreement with IDNR on a lease within 60 days of the award of the proposal.

Attachment #1

**Information Maintained by the Office of Code Revision
Indiana Legislative Services Agency**

IC14-18-2

Chapter 2. Leasing of State Property

IC14-18-2-1

Legislative intent

Sec. 1. (a) It is the intent and purpose of this chapter to do the following:

(1) Provide means for the construction and operation of adequate water resources, food, lodging, and the outdoor recreation or service facilities that the department considers appropriate without the expenditure of state money.

(2) Solicit and encourage the use of private and public capital to provide food and lodging facilities.

(3) Provide more adequate water resources and attractive recreational facilities.

(b) This chapter supersedes any conflicting law to the extent of the conflict.

As added by P.L.1-1995, SEC.11.

IC14-18-2-2

Lease and contract powers of department

Sec. 2. (a) The department may do the following:

(1) Lease state owned land that is under the management and control of the department to a local governmental unit or a political subdivision of the state or local government.

(2) Lease federally owned land that is under the control and management of the department.

(3) Contract for the construction and operation of lodging, food, and other outdoor recreation, water resources, or service facilities that the department considers appropriate on the land.

(b) If the department determines that action permitted by subsection (a) would be in the best interests of the citizens of Indiana, a lease and contract may be negotiated and executed in the manner prescribed by this chapter in addition to the methods permitted by other statutes.

As added by P.L.1-1995, SEC.11.

IC 14-18-2-3

Contents of leases and contracts

Sec. 3. (a) As used in this section, "inn" means a public facility that has the following:

(1) At least twenty (20) rooms for the accommodation of overnight guests.

(2) A dining room that offers table service for at least forty (40) individuals

at one (1) time during normal dining hours.

(b) A lease and contract authorized by this chapter must include in its terms the following provisions and conditions:

(1) The legal description of the leasehold. A survey for the description is not required.

(2) The term of the lease. The term may not exceed forty (40) years with two (2) additional options to renew of thirty (30) years each.

(3) Provision for the submission of complete plans and specifications to the department for review and written approval before beginning any construction.

(4) The manner of payment of rental.

(5) The facilities provided will be available to the public without discrimination and at charges designed to make the facilities available to a maximum number of the citizens of Indiana.

(6) That the rates and fees charged for goods and services on the leased area will be in accord with those charged at similar developments in the area.

(7) The disposition of the leasehold and improvements at the termination of the lease.

(8) If the lease and contract concerns state owned land under the management and control of the department, including state parks, a prohibition on the sale or public display of alcoholic beverages on the premises.

(9) If the lease and contract concerns federally owned land under the control and management of the department, the lease and contract may permit the retail sale of alcoholic beverages on the premises of an inn:

(A) for consumption on the licensed premises; and

(B) if the lessee or concessionaire applies for and secures the necessary permits required by IC 7.1.

(c) A lease and contract may prescribe other terms and conditions that the department considers necessary and advisable to carry out the intent and purposes of this chapter.

As added by P.L.1-1995, SEC.11.

IC 14-18-2-4

Statement of intent

Sec. 4. (a) This section does not apply to leases to units of local government.

(b) The department shall draft a statement of intent and shall publicize the statement through appropriate media. The statement must do the following:

(1) Describe the facilities that the department desires to provide.

(2) Set up a procedure for the submission of proposals for providing the facilities.

(c) The publication must consist of at least three (3) legal advertisements appearing at ten (10) day intervals during a thirty (30) day period in five (5) daily newspapers of wide and general circulation in Indiana.

As added by P.L.1-1995, SEC.11.

IC 14-18-2-5

Submission of proposals

Sec. 5. (a) This section does not apply to leases to units of local government.

(b) After public notice as required by section 4 of this chapter, a sixty (60) day period shall be allowed for the preparation and submission of proposals.

As added by P.L.1-1995, SEC.11.

IC 14-18-2-6

Approval of proposals; negotiation of lease agreement

Sec. 6. (a) Following the expiration of the period set aside for the submission of proposals by section 5 of this chapter, the department shall do the following:

(1) Select the proposal that the department considers most appropriate for the fulfillment of the statement of intent.

(2) Submit the proposal to the commission for approval.

(b) Upon receipt of written approval from the commission, the department shall do the following:

(1) Negotiate a lease agreement with the individual, group, or political unit that submitted the proposal.

(2) Submit the lease agreement to the attorney general for review and approval.

As added by P.L.1-1995, SEC.11.

IC 14-18-2-7

Execution of lease and contract

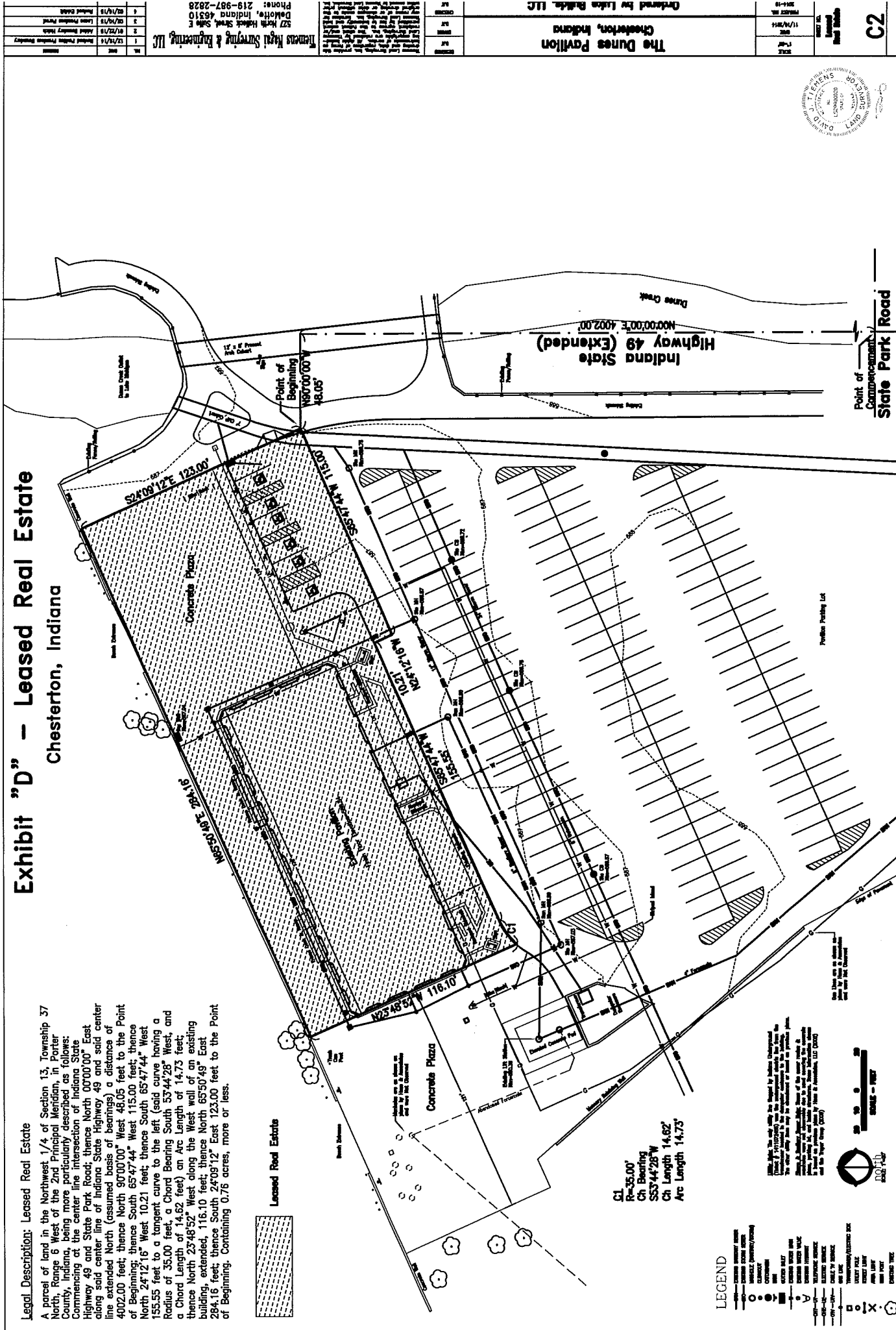
Sec. 7. A lease and contract must be executed by the authorized agents of the state and by the lessee.

As added by P.L.1-1995, SEC.11.

Legal Description: Leased Real Estate

A parcel of land in the Northwest 1/4 of Section 13, Township 37 North, Range 6 West of the 2nd Principal Meridian, in Porter County, Indiana, being more particularly described as follows: Commencing at the center line intersection of Indiana State Highway 49 and State Park Road; thence North 00°00'00" East along said center line of Indiana State Highway 49 and said center line extended North (assumed basis of bearings) a distance of 4002.00 feet; thence North 90°00'00" West 48.05 feet to the Point of Beginning; thence South 65°47'44" West 115.00 feet; thence North 24°12'16" West 10.21 feet; thence South 65°47'44" West 155.55 feet to a tangent curve to the left (said curve having a Radius of 35.00 feet, a Chord Bearing South 53°44'28" West, and a Chord Length of 14.62 feet) an Arc Length of 14.73 feet; thence North 23°48'52" West along the West wall of an existing building, extended, 116.10 feet; thence North 65°50'49" East 284.16 feet; thence South 24°09'12" East 123.00 feet to the Point of Beginning. Containing 0.76 acres, more or less.

Exhibit "D" - Leased Real Estate
Chesterton, Indiana



1	1/21/11	Final Platting
2	2/2/11	Final Platting
3	2/2/11	Final Platting
4	2/2/11	Final Platting

Thomas Neal Surveying & Engineering, LLC
 527 North Hoback Street, Suite E
 DeMott, Indiana 46310
 Phone: 219-987-2828

Ordered by: Lutes Builders, LLC
Location: Chesterton, Indiana
Project: The Dunes Pavilion

DATE	DESCRIPTION
11/27/10	PRELIMINARY
11/27/10	FINAL
11/27/10	FINAL
11/27/10	FINAL

STATE OF INDIANA
 DEPARTMENT OF LOCAL GOVERNMENT SERVICES
 COUNTY OF PORTER
 TOWNSHIP 37 NORTH
 RANGE 6 WEST
 SECTION 13
 PLAT NO. 11-11-11-11
 DATE 11/27/10

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