

Red Wing Municipal Golf Corporation

A. Projected Profit and Loss Income Statement - 5 Year

Income Statement 5 Year Projected.

	2013	2014	2015	2016	2017
Sales Revenue					
Pro Shop Revenue					
Golf Revenues	\$741,400	\$756,228	\$771,353	\$786,780	\$802,515
Merchandise Revenue	\$125,000	\$127,500	\$130,050	\$132,651	\$135,304
Total Pro Shop Revenue	\$866,400	\$883,728	\$901,403	\$919,431	\$937,819
Food & Beverage Revenue					
Food Revenue	\$25,000	\$25,500	\$26,010	\$26,530	\$27,061
Beverage Revenue	\$75,000	\$76,500	\$78,030	\$79,591	\$81,182
Total Food & Beverage Revenue	\$100,000	\$102,000	\$104,040	\$106,121	\$108,243
Cost of Golf Merchandise Revenue	\$81,250	\$82,875	\$84,533	\$86,223	\$87,948
Cost of Food Revenue	\$12,500	\$12,700	\$12,903	\$13,110	\$13,319
Cost of Beverage Revenue	\$20,250	\$20,574	\$20,903	\$21,238	\$21,577
Total Cost of Food & Beverage Revenue	\$32,750	\$33,274	\$33,806	\$34,347	\$34,897
Total Cost of Sales	\$114,000	\$116,149	\$118,339	\$120,570	\$122,844
Gross Margin	\$852,400	\$869,579	\$887,104	\$904,981	\$923,218
Grounds Expenses	\$370,000	\$381,100	\$392,533	\$404,309	\$416,438
Payroll Expenses					
Golf Shop Payroll	\$130,939	\$133,034	\$135,163	\$137,325	\$139,522
Food & Beverage Payroll	\$27,279	\$27,715	\$28,159	\$28,609	\$29,067
Payroll Taxes	\$12,104	\$12,297	\$12,494	\$12,694	\$12,897
Total Payroll Expenses	\$170,322	\$173,047	\$175,816	\$178,629	\$181,487
Other Expenses					
Utilities	\$27,000	\$27,432	\$27,871	\$28,317	\$28,770
Insurance	\$26,650	\$27,076	\$27,510	\$27,950	\$28,397
Property Taxes	\$-	\$0	\$0	\$0	\$0
Payroll & Accounting Fees	\$25,503	\$25,911	\$26,326	\$26,747	\$27,175
Advertising & Promotions	\$15,375	\$15,621	\$15,871	\$16,125	\$16,383
Other	\$20,532	\$20,861	\$21,194	\$21,533	\$21,878
Total Other	\$115,060	\$116,901	\$118,771	\$120,672	\$122,602
Net Margin Before Leases & Capital Expei	\$197,018	\$198,531	\$199,984	\$201,372	\$202,691
Cart Lease	\$83,325	\$83,325	\$83,325	\$83,325	\$83,325
Equipment Lease	\$112,000	\$112,000	\$112,000	\$112,000	\$112,000
Net Income	\$1,693	\$3,206	\$4,659	\$6,047	\$7,366

	Budgeted	Apr 2013	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Jan 2014	Feb	Mar
Season Green Fees	\$100,000	\$50,000	\$30,000	\$20,000	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Green Fees	\$308,400	\$15,000	\$50,000	\$60,000	\$60,000	\$55,000	\$50,000	\$18,400	\$0	\$0	\$0	\$0	\$0
Cart Revenue	\$305,000	\$35,000	\$45,000	\$55,000	\$55,000	\$45,000	\$40,000	\$30,000	\$0	\$0	\$0	\$0	\$0
Pro Shop Revenue	\$125,000	\$15,000	\$20,000	\$20,000	\$20,000	\$20,000	\$15,000	\$15,000	\$0	\$0	\$0	\$0	\$0
Food & Bev Rev.	\$100,000	\$14,286	\$14,286	\$14,286	\$14,286	\$14,286	\$14,285	\$14,285	\$0	\$0	\$0	\$0	\$0
Driving Range Rev.	\$28,000	\$4,000	\$5,000	\$5,000	\$5,000	\$4,000	\$3,000	\$2,000	\$0	\$0	\$0	\$0	\$0
Total Revenue	\$966,400	\$133,286	\$164,286	\$174,286	\$154,286	\$138,286	\$122,285	\$79,685	\$0	\$0	\$0	\$0	\$0
Groundskeeping	\$370,000	\$50,000	\$50,000	\$45,000	\$45,000	\$45,000	\$45,000	\$40,000	\$14,000	\$7,000	\$7,000	\$7,000	\$15,000
Equipment Leases	\$112,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$16,000	\$0	\$0	\$0	\$0	\$0
Cart Lease	\$83,325	\$11,904	\$11,904	\$11,904	\$11,904	\$11,904	\$11,904	\$11,901	\$0	\$0	\$0	\$0	\$0
Pro Shop Merchandise	\$81,250	\$11,607	\$11,607	\$11,607	\$11,607	\$11,607	\$11,607	\$11,608	\$0	\$0	\$0	\$0	\$0
Food & Beverage	\$32,750	\$4,679	\$4,679	\$4,679	\$4,679	\$4,679	\$4,679	\$4,676	\$0	\$0	\$0	\$0	\$0
	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Cost of Sales	\$679,325	\$94,190	\$94,190	\$89,190	\$89,190	\$89,190	\$89,190	\$84,185	\$14,000	\$7,000	\$7,000	\$7,000	\$15,000
Gross Margin	\$287,075	\$39,096	\$70,096	\$85,096	\$65,096	\$49,096	\$33,095	-\$4,500	-\$14,000	-\$7,000	-\$7,000	-\$7,000	-\$15,000
Golf Shop Payroll	\$130,939	\$10,912	\$10,912	\$10,912	\$10,912	\$10,912	\$10,912	\$10,912	\$10,912	\$10,912	\$10,912	\$10,912	\$10,907
Food & Bev Payroll	\$27,279	\$4,000	\$4,000	\$5,000	\$5,000	\$4,000	\$3,000	\$2,279	\$0	\$0	\$0	\$0	\$0
Utilities	\$27,000	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250	\$2,250
Ins. W.C. & Liab.	\$26,650	\$2,221	\$2,221	\$2,221	\$2,221	\$2,221	\$2,221	\$2,221	\$2,221	\$2,221	\$2,221	\$2,220	\$2,220
Property Tax	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Payroll & Acct. Fees	\$25,503	\$2,125	\$2,125	\$2,125	\$2,125	\$2,125	\$2,125	\$2,125	\$2,125	\$2,125	\$2,125	\$2,125	\$2,128
Payroll Taxes	\$12,104	\$1,009	\$1,009	\$1,009	\$1,009	\$1,009	\$1,009	\$1,009	\$1,009	\$1,009	\$1,009	\$1,009	\$1,005
Adv. /Promotion	\$15,375	\$1,281	\$1,281	\$1,281	\$1,281	\$1,281	\$1,281	\$1,281	\$1,281	\$1,281	\$1,281	\$1,281	\$1,284
Other Expenses	\$20,532	\$1,711	\$1,711	\$1,711	\$1,711	\$1,711	\$1,711	\$1,711	\$1,711	\$1,711	\$1,711	\$1,711	\$1,711
Total SG&A	\$106,432	\$25,509	\$25,509	\$26,509	\$26,509	\$25,509	\$24,509	\$23,788	\$21,509	\$21,509	\$21,509	\$21,508	\$21,505
Net Income	\$1,693	\$13,587	\$44,587	\$58,587	\$38,587	\$23,587	\$8,586	-\$28,288	-\$35,509	-\$28,509	-\$28,509	-\$28,508	-\$36,505
Cash on Hand		\$13,587	\$58,174	\$116,761	\$155,348	\$178,935	\$187,521	\$159,233	\$123,724	\$95,215	\$66,706	\$38,198	\$1,693

Appendix B - Red Wing Municipal Golf Corp. Cash Flow Analysis

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C. Maintenance Equipment Investment Summary

Equipment Description	Quantity Needed @ 36 Holes	Equipment Use	Used Cost: Low Hours: <1200 Hrs.	New Cost: Budget Quoted (or High)	If the course is 27 holes: (Used)	If the course is 18 holes: (Used)
Kubota Tractors	2	Pull equipment, Misc	36,000	47,484	36,000	18,000
Bush Hogs	2	Mow roughs	24,000	26,000	24,000	12,000
72 Inch Rotary	1	Steep banks	10,000	21,100	10,000	10,000
Small Tractor w/ PTO & Blower	1	Remove snow and leaves	30,000	33,500	30,000	30,000
Tee Mowers	2	Mow Tees	24,000	59,648	24,000	12,000
Green Mowers	3	Mow greens	36,000	90,192	24,000	24,000
Spare Mowers	2	Mow sanded greens	12,000	24,000	12,000	12,000
Spare Mower for Backup	1	Verticut & rolling greens	12,000	12,000	12,000	12,000
Sets of Reels	2	Mow greens	2,000	included above	2,000	2,000
Set of Verticut Reels	1	Verticut greens	3,000	3,000	3,000	3,000
Set of Rollers	3	Roll greens	8,000	8,000	8,000	8,000
Fairway Mowers	3	Mow fairways	60,000	157,779	40,000	21,000
Approach Mower	1	Mow approaches	12,000	21,100	12,000	12,000
300 Gallon Sprayer	1	disease and insect spray	25,000	45,600	25,000	14,000
Large Workmen Carts	2	materials around course	25,000	40,778	12,000	12,000
Small Workmen Carts	2	Move workers tools around golf course	4,500	21,924	4,500	4,500
Top dresser (1800)	1	Heavy sand spreading	8,000	11,111	8,000	8,000
Pro-pass	1	Light, accurate spread	10,000	15,965	10,000	10,000
Bank Mowers	2	Mow banks (hills)	36,000	74,016	18,000	18,000
Blower Cart Motor	1	Blow leaves and debris	5,000	7,395	5,000	5,000
Sand Pros	2	Prepare sand bunkers	16,000	42,210	16,000	8,000
Turf twos	6	Move workers & equip	25,200	25,200	16,800	12,600

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Compact Track Loader	1	Move waste and mat'ls.	Rent as needed	36,516	Rent as needed	Rent as needed
Airifier	1	Airation	Rent as needed	24,350	Rent as needed	Rent as Needed
(2.5) Ton Lift	1	Lift equip. to maintain	3,720	6,200	3,720	3,720
Reel Grinder	1	Sharpen and relief grind - Could contract	12,000	27,500	12,000	12,000
Pumps	2	Move water	2,000	2,000	2,000	1,000
Compressor & Air Tools Set	1	Maintenance	1,500	1,500	1,500	1,500
Trailers	2	Move equip, material, & hose reel	1,200	2,000	1,200	1,200
Tools	1	Repair and task work	2,000	2,000	2,000	2,000
Drag Brush	1	Work turf	2,500	2,500	2,500	2,500
Chain Saws	3	Remove trees	1,000	1,000	750	750
Range Ball Dispensing Machine	1	Dispense containers of balls	3,597	5,995	3,597	3,597
Range Ball Picker, (3) Gang	1	Pick up balls on range	2,475	4,125	2,475	2,475
Range Ball Washer	1	Wash range balls	1,650	2,750	1,650	1,650
Range Cart	1	Pull ball picker	6,000	11,000	6,000	6,000
Range Balls	8000	Practice range	2,000	4,000	2,000	2,000
Beverage Cart	1	Serve players on course	Negotiate	Negotiate	Negotiate	Negotiate
Irrigation Parts	N/A	Maintain irrigation	2,000	2,000	2,000	2,000
Flag Pins	36	Identify hole locations	1,368	1,368	1,368	1,368
Flags	36	Identify hole locations	816	816	816	816
Cup Setters	4	Set cups on greens	580	580	580	580
Cups - Aluminum	36	For hole on green	720	720	720	720
Sand Trap Rakes - 60 traps	175	Golfers trap rakes	4,200	4,200	4,200	4,200

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Ball Washers & Garbage Cans	36	Golfers use	5,000	7,200	5,000	5,000
Spike Cleaners	2	Clean golfers shoes	380	380	380	380
Matt'l for Tee Blocks & Benches			2,000	2,000	2,000	2,000
Sub-Total (41-49)			17,064	19,264	17,064	17,064
Sub Total			482,406	940,702	410,756	325,556
Other Needs						
New Septic System	1	Process waste	150,000	150,000	150,000	150,000
Roof	1		60,000	60,000	60,000	60,000
Pump for old Highs	1	Serve Irrigation System	50,000	50,000	50,000	50,000
Make up air unit	1	Fresh air for clubhouse	17,000	17,000	17,000	17,000
Sub Total (54-57)			277,000	277,000		
Total			759,406	1,217,702		

D. Cart Quote Comparison

Supplier	Condition	Term=3 yrs	Term=4 yrs	Term=5 yrs
Superior Golf Cars	Used – Past MNGL Fleet	\$115.73/mo/ car		
Superior Golf Cars	New			\$112.72/mo/ car
Yamaha Golf and Utility	New		\$132.97/mo/ car	\$118.37/mo/ car

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E. Proposed Lease

This Lease is made and executed on January 27, 2013 by and between the City of Red Wing, a Minnesota municipal corporation (hereinafter referred to as "Lessor"), and Red Wing Municipal Golf Corporation, a non-profit corporation under the laws of Minnesota (hereinafter referred to as "Lessee").

WHEREAS, the Lessee desires to lease the Red Wing municipal golf course known as Mississippi National Golf Links (MNGL) in order to provide a public golf course venue for the citizens of Red Wing, its surrounding area, and tourists to Red Wing, and Lessor desires to lease said municipal golf course to Lessee to provide such municipal golf course venue for the citizens of Red Wing, its surrounding area, and tourists to Red Wing,

NOW, THEREFORE, the parties agree as follows:

I. TERM

Lessor leases to lessee real property, the Red Wing municipal golf course, known as Mississippi National Golf Links (MNGL), in the City of Red Wing, County of Goodhue, State of Minnesota, together with such easements and rights of way as are described in Exhibit A (hereinafter "Leased Premises") attached hereto and made a part hereof, to have and to hold such property for a term of five (5) years, commencing on January 27, 2013, and ending on January 27, 2018.

II. RENT

Lessee shall pay to Lessor rent as follows: Lessee shall pay to Lessor a base rental fee of \$1.00 per year during the term of this Lease. Said base Lease payment shall be made in advance annually commencing on the first day of the effective term of this Lease, and every year thereafter on the anniversary date of this Lease.

III. CAPITAL IMPROVEMENTS

Lessee may install capital improvements at the Red Wing municipal golf course at its own cost. Lessor's consent to improvement shall not be unreasonably withheld so long as the capital improvements to the Red Wing municipal golf course will enhance the use of the Leased Premises for the purposes of operating a public golf course for the citizens of Red Wing and for such other recreational uses as cross-country skiing and hiking.

IV. WARRANTIES OF TITLE AND QUIET POSSESSION

Lessor covenants that Lessor is seized of the real property on which the existing golf course is constructed in fee simple and has full right to make this Lease and that Lessee shall have quiet and peaceful possession of the leased premises during the term of this Lease. Lessor warrants it has the right to grant and maintain access and easements to the leased premises from Lehrbach Road on Highway 61, and warrants that Lessee and Lessee's guests and invitees shall have access to the leased premises at all times during the term of this Lease from Lehrbach Road, Highway 61, and all other presently existing access points to the extent the Lessor has control of these rights-of-way.

V. LESSOR'S IMPROVEMENTS

The parties agree that the following leasehold improvements, fixtures and personal property have been previously installed on the leased premises by Lessor:

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A. A 36-hole golf course, including the following:

1. Completed greens, tees, bunkers, and fairways;
2. Water supply system, including three wells, irrigation pond, and automatic sprinkler system sufficient to water the green, tee and fairway system and driving range.

B. An access from Highway 61 to the leased premises. A description of such right-of-way is referenced in Exhibit B.

C. A two (2) level clubhouse.

D. A cart shed roughly 44 x 126 feet in size.

E. One maintenance shop structure roughly 34 x 70 feet in size.

F. One green maintenance shed roughly 50 x 80 feet in size.

G. One building for the Golf Course Driving Range roughly 20 x 30 feet in size, and the Driving Range lighting system.

H. One building (comfort station) between holes 5 and 6 on the Lowlands/Tournament course, roughly 20 x 20 feet in size, used as a restroom facility and snack bar.

I. Three well-pump houses roughly 16 x 12, 30 x 14 and 14 x 25 feet in size respectively.

J. Three storm shelters, all roughly 14 x 20 feet in size.

K. Sidewalks serving the parking lot and hard-surface (asphalt) parking lot with asphalt to the points of ingress and egress to the leased premises.

L. Parking lot at clubhouse, and parking lot lighting system.

M. Gazebo.

N. Lighted street sign on Highway 61.

O. Two potable wells.

VI. OPERATION AND MAINTENANCE OF THE GOLF COURSE

Lessee shall be solely responsible for the operation and maintenance of the golf course during the term of this lease (For purposes of this Section "maintenance" shall mean that level of maintenance necessary to keep the golf course in good condition.) Lessee will be solely financially responsible for the operation and maintenance of the golf course. Lessee shall maintain and operate two eighteen hole golf courses presently known as the Lowlands/Tournament course and the Highlands course

VII. LICENSES

Upon making application and upon Lessee meeting all necessary legal requirements of the State of Minnesota and Lessor, Lessor agrees to issue to Lessee, upon payment of the necessary fees, all licenses necessary for the operation of a bar and restaurant, including an on-sale intoxicating liquor license. The location of the on-sale intoxicating liquor license premises must comply with the requirements of Minnesota statutes specifically restricting sales of intoxicating liquors within 1,000 feet of the Minnesota correctional facility known as the Minnesota Correctional Facility - Red Wing. Lessor warrants the clubhouse facility is located more than 1,000 feet from the Minnesota Correctional Facility - Red Wing.

VIII. PUBLIC USER FEES

User fees charged to the public shall be determined by Lessee, with the intent of maintaining fees competitive with golf courses serving the general public in Red Wing and the surrounding area.

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Green fees for the citizens of Red Wing and surrounding area shall be, as of January 27, 2013 in the following range:

A. Season Ticket Membership rates for 2013:

1. Regular Season Ticket Membership

Single \$ 528

Couple \$ 902

Family \$ 902

2. Senior Season Ticket Membership

Single \$ 401

Couple \$ 656

3. Young Adult Season Ticket Membership

Ages 18-22 Single \$ 401

Couple \$ 656

Ages 14-17 (Junior) \$ 250

Ages 14 and under (Youth) \$ 193

B. Daily Fees for 2013:

Green Fees

Lowlands/Tournament Course

9 holes \$ 17

18 holes \$ 25

Highlands Course

9 holes \$20

18 holes \$30

The above stated fees do not include any applicable taxes, which Lessee may charge in addition to the fees set forth above.

The above fees and limits on increases in fees will not apply to non-residents of Red Wing or the surrounding area. There shall be no limitation, under the terms of this lease agreement, on fees charged to non-residents of Red Wing or the surrounding area, nor shall any increase in fees charged to nonresidents of Red Wing be subject to review or approval by Lessor.

IX. PERMITTED USES OF THE LEASED PREMISES

Lessor and Lessee agree that the primary purpose and use of the leased premises by Lessee is that of a public 36-hole golf course facility, with practice and instructional facilities, restaurant, bar, banquet, and meeting/conference/event facilities. Lessee agrees to permit public cross-country skiing on designated trails, hunting in designated areas and winter sliding in designated areas, as may be from time to time established by Lessor and approved by Lessee (such activities hereafter collectively referred to as "Designated Activities"). Lessee's consent to Designated Activities shall not be unreasonably withheld. Lessee shall not have any responsibility to maintain any cross-country ski trails or Designated Activity areas or be responsible for the policing or regulation of any area or activity established by Lessor which occurs on the leased premises. The parties further agree that during the term of this Lease, should other public purposes such as community events in the parking lot, races and the like not inconsistent with the primary purpose of this Lease be mutually agreed upon by the parties, this Lease may be modified to include those uses. Lessor shall furnish or provide for the furnishing of insurance for Designated Activities and sponsored community events, and agrees to hold Lessee

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harmless from liability, loss or damage arising from such activities except to the extent the liability, loss or damage is asserted to be caused or contributed to by Lessee.

X. USES PROHIBITED

Lessee shall not use or permit the leased premises to be used for any purposes inconsistent with the purposes set forth in this Lease Agreement as hereinafter amended. In addition, Lessee agrees that no use will be permitted on the leased premises that could result in a cancellation of any insurance policy covering the leased premises, improvements located on the Leased Premises, or affecting the leased premises' operation and management. Lessee further agrees to maintain and operate the leased premises together with all leasehold improvements in accordance with the laws of the State of Minnesota and the ordinances of the City of Red Wing together with the provisions of this Lease.

XI. WASTE AND NUISANCE PROHIBITED

During the term of this Lease, Lessee shall not commit or suffer to be committed any waste or any nuisance on the leased premises, and further agrees to comply with all applicable laws affecting the leased premises and its operations.

XII. LESSOR'S RIGHT OF ENTRY

Lessee shall permit Lessor and the agents and employees of Lessor to enter into and upon the leased premises and for the purpose of inspecting the leased premises, fulfilling its obligations under this Lease, and posting notices of non-responsibility for alterations, additions or repairs. All of these entries shall be without rebate of rent and without liability to Lessee for any loss of occupation or quiet enjoyment of the leased premises on the part of Lessee.

XIII. ABANDONMENT OF PREMISES

Lessee shall not vacate or abandon the leased premises at any time during the term of this Lease. If Lessee shall abandon, vacate or surrender the leased premises or be dispossessed by process of law, any personal property, fixtures or other improvements belonging to Lessee and left on the leased premises shall be deemed abandoned at the option of Lessor, except for such property as may be encumbered to Lessor. Closing the leased premises for the winter months shall not be deemed a vacation or abandonment of the leased premises.

XIV. TAXES AND ASSESSMENTS

Lessee shall pay and discharge as they become due and before delinquency or penalty attaches, all taxes, assessments, rates, charges and license fees which may be levied, assessed, charged or imposed during the term of this Lease Agreement. Specifically and without in any way limiting the generality of the foregoing paragraph, Lessee shall pay all special assessments and levies or charges made by any municipal or political subdivision, including the City of Red Wing, for local improvements and shall pay the same as they fall due and before they become delinquent or subject to penalty as required by the act or proceedings under which any such assessments, levies, or charges are made by any municipal or political subdivision. Notwithstanding this provision, if Lessor extends water and sanitary sewer service to serve the Golf Course Property,

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Lessor agrees that it will not assess Lessee for said costs unless the extension was at Lessee's request. In the event of extension of said utilities, Lessee shall be responsible for connecting to the City water and sewer system(s) within two years, and shall pay all City of Red Wing charges pursuant to City of Red Wing City Code, and the cost of a service line to the clubhouse, which connection shall not exceed 15 feet in length. If water/sewer services are extended to serve the Golf Course Property, Lessee shall only be required to connect the clubhouse to the services. Lessee shall not be required to hook up any other building and/or the irrigation system to the water or sewer lines, but may do so at its option. Should Lessee elect to connect additional buildings or systems to the water/sewer lines, Lessee shall be responsible for costs and fees associated with the connection, but such connection shall not constitute a "requested extension" hereunder. Lessor shall provide five years' notice to Lessee of the planned extension of City water/sewer services to the Golf Course Property. If Lessor fails to give such notice, Lessor shall be responsible for water/sewer utility bills for that period of time for which the notice was short of the five year period.

A. In the event the levying or assessing authority provides for an election for the payment of cash or, in the alternative, installments, Lessee may elect either mode of payment and its election shall be binding on Lessor. If by making an election to pay in installments, any such installments shall be payable after the termination of this Lease or any extended term thereof, such unpaid installments shall be prorated as of the date of termination and the amounts payable after that date shall be the responsibility of Lessor.

B. If Lessee shall, in good faith, desire to contest the validity of amount of any tax, assessment, levy or any other governmental charge herein agreed to be paid by Lessee, Lessee shall be permitted to do so, provided that Lessee provides Lessor notice of its intention to contest the amount of the tax, assessment, levy or other governmental charge. Lessor agrees to assign its rights to contest taxes to Lessee upon receiving Lessee's request in writing. Such notice shall be at least sixty (60) days in advance of any delinquency that might occur because of nonpayment, and Lessor may require a sufficient security bond to protect Lessor from any cost, liability, or damage arising out of Lessee's contest of the tax, assessment, levy or governmental charge. Any rebate on account of Lessee contesting taxation, to the extent Lessor is not damaged thereby, shall be the property of Lessee and Lessor agrees to execute such documents that may be necessary to secure the recovery of any rebate by Lessee.

C. Lessee further agrees to provide necessary receipts to Lessor for all taxes, assessments, and other charges paid by Lessee pursuant to this section upon request of Lessor.

XV. UTILITIES

Except as may otherwise be specifically indicated in this Lease, Lessee shall be responsible for the payment for all utilities and services provided to the leased premises, including all water, sewer, gas, electricity, telephone, City solid waste and recycling collection and other utility services used or furnished to the leased premises during the term of this Lease. Lessee agrees that all such charges shall be paid promptly to prevent the interruption of such utility services. Should Lessor elect itself to initiate services with a utility provider for additional utility services not requested or utilized by