

OPERATING LEASE AGREEMENT

For the Management of Golf Course And Clubhouse Operations

This Operations Lease Agreement (the "Agreement") dated January 1, 2006, is by and between Kansas State University Golf Course Management and Research Foundation, a Kansas not-for-profit corporation (the "Foundation"), and Golf Generations Inc., a Kansas corporation, duly authorized and qualified to do business in the State of Kansas.

WITNESSETH:

Whereas, the Foundation desires to hire Golf Generations Inc. to manage and operate the Colbert Hills Golf Course and Clubhouse (the "Golf Course") on behalf of the Foundation.

Now, for and in consideration of the covenants and agreements contained herein, the parties hereto agree as follows:

Section 1 *Recitations.* The foregoing recitations are true and are a material part of this Agreement.

Section 2 *Term of Agreement.* The initial term of this Agreement shall begin on the date hereof (the "Start Date") and shall end on December 31, 2006. This Agreement shall operate on an annual fiscal year basis, said fiscal year running from January 1st to December 31st. During the initial term of this Agreement, the Foundation may cancel this Agreement for any of the reasons stated in Section 8 of the Agreement. This Agreement shall automatically renew for one (1) year periods, upon the same terms and conditions stated herein, unless the Agreement is cancelled by either party for any reason; provided, however, that any party desiring to cancel this Agreement after its initial term shall provide three (3) months written notice to the other party advising said party of the desire to cancel the Agreement. Nothing in this Section 2 shall be construed to limit or waive the Foundation's rights to terminate this Agreement under remaining provisions of the Agreement or upon the default of Golf Generations, Inc.

Section 3 *Services to be performed by Golf Generations Inc.* After the Start Date, Golf Generations Inc. shall manage, operate and staff the Golf Course in accordance with the terms of this agreement. Subject to the terms of this Agreement, all applicable laws and regulations and the applicable budget, Golf Generations Inc. shall have all reasonable discretion in the operation, direction, management, maintenance and supervision of the Golf Course. Without limiting the generality of the foregoing, Golf Generations Inc. rights, obligations and functions for operating and managing the Golf Course pursuant to the terms of this Agreement shall include the following:

- (a) To bill, collect, handle and administer all Gross Revenues (as defined in Section 5 below).

(b) To undertake, or cause to be undertaken, such action as may be necessary to comply promptly with the requirements of any applicable law or regulation or any governmental approvals, permits or licenses with respect to the operation or maintenance of the Golf Course. However, except in the case of an emergency, Golf Generations Inc. shall not take any action in response to a governmental or court order or requirement without notifying the Foundation in writing and Golf Generations Inc. shall not take any action with respect to any governmental or court order or requirement that the Foundation is contesting or has notified Golf Generations Inc. of its intention to contest; *provided, however*, that the Foundation shall proceed with all due diligence in contesting any such governmental or court order or requirement in order to prevent a shutoff or disruption of essential services at or to the Golf Course.

(c) To make arrangements, negotiate and enter into (in the name of the Golf Course) contracts for electricity, gas, telephone, exterminating services, vending services, HVAC, security, cleaning, landscaping, trash collection, and equipment maintenance. Any such service contract that has a term of more than two (2) years shall be subject to the approval of the Foundation. Additional service contracts deemed advisable by Golf Generations Inc. shall be entered into only with expressed approval of the Foundation, said approval will not be unreasonably withheld.

(d) To purchase and maintain in stock all operating supplies and other materials and supplies necessary or desirable to operate the Golf Course.

(e) To manage the pro shop and purchase and maintain in stock a good and sufficient inventory of golf supplies and golf accessories.

(f) To make or install, or cause to be made or installed, all necessary or appropriate repairs, maintenance, decorations, alterations, replacements, additions and improvements in and to the Golf Course, including furniture, fixtures and equipment, subject to Section 4 of this Agreement.

(g) To advise the Foundation promptly, with confirmation in writing, of service upon Golf Generations Inc. of any summons, subpoena or other similar legal document or any notices, letters or other communications setting forth or claiming an alleged potential liability of the Foundation, Corporation or Golf Generations Inc. and to fully cooperate with the Foundation in connection with any legal proceeding arising.

(h) To immediately notify the Foundation of any substantial property damage (beyond \$5,000) to the Golf Course or Clubhouse and of any bodily injuries sustained or reported to have been suffered on Foundation, Golf Course or Clubhouse property, including any injuries reported or suffered by employees of Golf Generations Inc.

(i) Golf Generations Inc. shall pay all operating expenses to creditors. "*Operating Expenses*" means all expenses of operating the Golf Course including salaries of on-site employees, employment taxes, insurance, costs of food, beverages,

utilities, annual water fees, maintenance, repairs, and other items directly related to the operation of the Golf Course.

(j) To obtain and renew all licenses, permits and certificates required in connection with the operation of the Golf Course. Unless otherwise required by law, all licenses, permits and certificates shall be acquired in the business name of the Golf Course. If for any reason Golf Generations Inc. acquires any licenses, permits or certificates in its own name, then Golf Generations Inc. shall always be deemed to be the authorized agent of the Foundation with respect to each such license, permit or certificate.

(k) To install, operate and maintain, suitable security and safety measures, procedures and systems on and in the operation of the Golf Course.

(l) To operate a snack bar and beverage cart services and, upon securing all necessary liquor licenses, to sell alcoholic beverages, and, if Golf Generations Inc. deems it appropriate, to operate half-way houses and beverage carts on the Golf Course. Such operation shall be conducted according to all requirements of applicable law(s). Once determined and approved by the Foundation, Golf Generations Inc. shall promptly proceed to submit the necessary applications and fees to obtain a proper liquor license for use on the Golf Course. The Foundation shall promptly cooperate with Golf Generations Inc. in order to obtain and maintain the liquor license.

(m) Recognizing the Foundation as a Kansas not-for-profit corporation, to fully cooperate and work in good faith with the Foundation's accounting and legal advisors in the preparation and execution of all forms, reports, returns and such other instruments as may be required by law, any governmental authority, the Indenture or other agreements relating to the Certificates or as may otherwise be necessary to effectuate the requirements, purposes or intent of this Agreement. The Foundation agrees that Golf Generations Inc.'s compliance with this provision shall not require that Golf Generations Inc. materially change any of its existing accounting or other procedures (financial or non financial) in order to comply (or better comply) with this provision except such changes as may be required by law and/or changes thereto.

Section 4 *Additional Duties.* The Parties hereto agree that the guidelines for the operation of the Golf Course shall be as follows:

(a) *Major Decisions.* Golf Generations Inc. shall secure the Foundation's prior approval of all major decisions affecting the Golf Course or Clubhouse including, but not limited to, decisions on non-budgeted items that individually exceed \$10,000.

(b) *Green Fees.* The Golf Course shall be open to the general public. All green fees shall be based on market conditions or as approved by the Foundation. Fees to be charged may be changed only with the approval of the Foundation, which approval shall provide flexibility for management decisions to establish greens fees for special events on a competitive basis. Such approval of the Foundation shall not be withheld if

the fees proposed to be charged by Golf Generations Inc. are comparable to fees charged for the same services by golf course facilities similar to the Golf Courses' located within the mid-west. All fees proposed by Golf Generations Inc. shall be comparable to those fees charged by competing golf courses for similar services and facilities, taking into account revenue requirements, maximizing Golf Course cash flow and market conditions.

(c) *Periodic Operation Review.* Golf Generations Inc. shall, on an ongoing and continuing basis, as shall be reasonable and necessary or as requested by the Foundation, review its management work, programs and efforts. The Foundation shall be kept informed by Golf Generations Inc. of all Golf Course management activities and operations. Prior to the start date of this Agreement, Golf Generations Inc. will meet with the Foundation to establish proper accounting procedures, schedules and controls.

(d) *Promotion of Golf Activities.* Subject to prior review and approval by the Foundation, (i) Golf Generations Inc. shall create and produce, paid for as part of Operating Expenses the following: brochures, progress reports, press releases and bulletins, and (ii) Golf Generations Inc. shall implement the marketing plan and conduct an on-going advertising and public relations campaign during the term of this Agreement to ensure that the Project will create an appropriate, continuing image and presence in print and communications media.

(e) *Initial Budget.* In order to assist the Foundation in evaluating the performance of Golf Generations Inc. under this Agreement, and to prepare for proper operation of the Golf Course, on or before the date hereof, Golf Generations Inc. shall prepare an initial preliminary operating budget for the period of operation commencing with the anticipated beginning lease date of this Agreement and present such Budget to and review it with the Foundation. Upon approval by the Foundation, Golf Generations Inc. shall implement the Budget and shall, at the appropriate times, make all purchases and enter into appropriate leases which are required to implement this Agreement. Such purchases and leases shall include Golf Course maintenance equipment, golf carts, food and beverage inventories, food and beverage equipment and stock, Golf Course supplies, Golf Course maintenance supplies, Clubhouse cleaning and maintenance supplies and equipment, and accounting and office equipment and supplies.

(f) *Annual Budgets.* On or before December 15 of each year commencing in the year 2006, Golf Generations Inc. shall submit to the Foundation for its approval a proposed operating and capital budget for the operation of the Golf Course and the Clubhouse for the following calendar year.

(g) *Budget in General.* The proposed Budget and each proposed annual budget thereafter shall set forth, in reasonable detail, a schedule of fees for use of the Golf Course (including green fees, golf cart fees, driving range fees and other fees), Golf Generations Inc.'s good faith estimate of Gross Revenues, Operating Expenses and capital expenditures for the applicable fiscal year. Each such budget shall be prepared on a cash basis and shall contain such supplemental and back-up material as the Foundation reasonably requests. The Foundation shall be solely responsible to determine the amount

of any reserve or other financial requirement of whatsoever kind required under this Agreement and to make adequate provision for them. Golf Generations Inc. represents that the information provided in each such budget shall be good faith estimates and based upon experience of the Golf Course, Golf Generations Inc., and/or reliable sources. Once the proposed Budget is approved by the Foundation, Golf Generations Inc. shall use its best efforts to operate the Golf Course in accordance with the approved Budget, and thereafter in accordance with the applicable approved annual budget. Golf Generations Inc. may not spend more than the total budgeted expenditures or increase by more than 5% the total amount allocated to any of the four (4) major budget categories (grounds and greens, food and beverages, pro shop and administration), in the Budget or any annual budget thereafter during any annual operating period without prior Foundation written authorization.

(h) *Golf Course Personnel.* Golf Generations Inc. shall recruit, interview, hire, promote, discharge and supervise the work of all staff for the Golf Course and Clubhouse, including all on-site management personnel (including, but not limited to the general manager, golf professionals and golf course superintendent), all food and beverage staff, all Clubhouse and grounds maintenance personnel, janitorial staff, etc. All personnel shall be employed by Golf Generations Inc. and shall not be, nor shall they be deemed to be employees of the Foundation for any purpose. All such employees shall be qualified for their respective positions, competent and shall be employees of Golf Generations Inc. and on Golf Generations Inc. payroll. The salaries of employees and any and all liabilities, costs, and expenses associated therewith, including, without limitation, any and all costs of or associated with health and life insurance, vacation pay, sick leave, 401(k) savings plans (if any), employee incentive plans (if any), retirement benefits (if any), workers' compensation, social security, withholding unemployment insurance, taxes, and any and all fringe and other benefits and costs as reflected in the applicable budget shall constitute Operating Expenses. Salaries and benefits of the employees of Golf Generations Inc. who are not on-site Golf Course personnel and other general overhead and administrative costs of Golf Generations Inc. that are not direct costs related to the Golf Course shall not constitute Operating Expenses. Golf Generations Inc. shall comply with all applicable governmental requirements including, but not limited to, federal and state labor tax laws, OSHA, workers' compensation, social security, unemployment insurance, hours of labor, wages, working conditions and other employer-employee related matters. Golf Generations Inc. acknowledges that it is solely responsible for payment of personnel payroll and any personnel benefits, withholdings, taxes, or insurances once the Golf Course has fulfilled payment of monthly operating lease fee.

(i) *Granting of License.* The Foundation hereby grants to Golf Generations Inc., for exclusive use in conjunction with the marketing of the Golf Course, a non-exclusive license and right to use the name and image of Jim Colbert ("*Colbert*") and any other marks and logos relating to Jim Colbert. The Foundation has entered into a license agreement with PGA Tour Properties and with the First Tee Program. Golf Generations Inc. acknowledges and agrees to abide by the terms and conditions stipulated in said agreements.

Section 5 *Deposit of Gross Revenues.* Not less often than the first (1st) business day of each week during the term of this Agreement, Golf Generations Inc. shall deliver one hundred percent (100%) of the Gross Revenues from the Golf Course for deposit in a Golf Generations Inc. operating account to pay all operating expenses of the Golf Course.

"Gross Revenues" (which, for purposes herein, has the same meaning as "total" revenues under General Accepted Accounting Principles (i.e. GAAP) means all income and revenue of any nature received from the operation and use of the Golf Course or any portion thereof calculated in accordance with generally accepted accounting principles, including, without limitation, (i) all income, rents, rates, green fees, lesson fees, food and beverage revenues, pro shop revenues, range fees, cart fees, locker fees, golf program(s) dues, rental charges and other fees, charges and other monies derived from the services, programs and commodities sold or furnished in connection with the use or operation of the Golf Course (including without limitation, golf play, tournaments and use of Golf Course facilities for banquets or similar events) and any proceeds from any business interruption insurance, and (ii) the earnings on and income derived from the investment of such income and revenue held in the Operating Account, (a) security deposits (except as applied or forfeited), (b) proceeds from the sale of any capital items, (c) condemnation awards or payments in lieu thereof, (d) financing or refinancing proceeds, and (e) insurance proceeds (except as provided above).

Section 6 *Lease Agreement.* The Foundation shall lease to Golf Generations Inc. the Golf Course property located at 5200 Colbert Hills Dr., in Manhattan, KS 66503 including all structures and buildings within boundaries of the 27-hole golf course for a yearly sum of zero dollars. This lease agreement shall remain in effect on an annual fiscal year basis and renewed as outlined in Section 2 of this Agreement.

In exchange for the services to be rendered by Golf Generations Inc. hereunder, Golf Generations Inc. shall be paid a management fee solely from Gross Revenues, as set forth below and in the Indenture (the "*Operating Lease Fee*").

(a) *Operating Lease Fee.* Golf Generations Inc. shall receive an annual fixed management fee of \$24,000 to be paid in equal monthly installments, in advance, beginning on the first day of this Agreement. Golf Generations Inc. shall begin management of the course on the first day of this Agreement.

(b) *Payment of Fees on Termination of Operating Lease Agreement.* In the event this Agreement is terminated for any reason pursuant to the provisions contained herein and subject to any damages payable by Golf Generations Inc. arising out of or in connection with any breach of its obligations or any default by it hereunder, the Management Fee payable to Golf Generations Inc. under sections 6(a) and 6(b) hereof during the year of such termination shall be prorated to the termination date on a daily basis for that year.

Section 7 *Accounting.* Golf Generations Inc. shall maintain books and records relating to the business activities of the Golf Course in its customary manner and in accordance

with generally accepted accounting principles, separate from its other books and records. Golf Generations Inc. shall prepare and furnish to the Foundation monthly financial statements within fifteen (15) days after the end of each month, which shall include unaudited balance sheets and cash flow and income statements (the "*Monthly Financial Statements*") showing results of the operations of the Golf Course during such month. The Foundation shall have prepared by its independent certified public accountants and delivered to Golf Generations Inc., promptly after the Foundation receives them, audited financial statements for the Foundation for the prior Calendar Year beginning with the financial statements for Calendar Year 2006 and continuing until termination of this Agreement. Golf Generations Inc. shall cooperate fully with the Foundation and its independent certified public accountants in the audit of the Foundation's financial statements with respect to the Golf Course and its operations, books and records. Without limiting any other rights of the Foundation (including, but not limited to, the rights under Section 4(c)(i)) hereof at any time during the term of this Agreement, the Foundation shall be entitled to inspect the books and records of Golf Generations Inc. relating to the Golf Course at any reasonable time. Any expense incurred by the Foundation in conducting an inspection of such books and records or preparing audited financial statements relating to the Golf Course shall be an Operating Expense and paid from the Operating Account. Notwithstanding the foregoing, if the Foundation requires more than one audit during any calendar year and the discrepancies in total revenues or total expenditures found in the second audit are less than five percent (5%) from those shown in the prior audit, the Foundation shall bear the costs of such audit (and they shall not be paid out of Gross Revenues).

Golf Generations Inc. acknowledges that all books and records of Golf Generations Inc. relating to the Golf Course are subject to the open records laws of the State of Kansas as such laws may be amended or supplemented from time to time.

Section 8 *Termination Option.* In the event of a Default by Golf Generations Inc., subject to the provisions of this Section 8, the Foundation shall have the option of terminating this Agreement.

(a) *Default.* The following shall constitute a default by Golf Generations Inc. (a "*Default*" or an "*Event of Default*"), which shall enable the Foundation to exercise its option to immediately terminate this Agreement pursuant to Section 8(c) hereof, unless such Default is pursuant to Section 8(a)(iii), and Golf Generations Inc. cures such Default, pursuant to Section 8(b) below:

(i) The filing of a voluntary petition for protection under any state or federal bankruptcy, insolvency or receivership laws by or against Golf Generations Inc.;

(ii) Any conduct by Golf Generations Inc. which results in a discontinuance of or abandonment of a material portion of its activities or a material activity at the Golf Course;

(iii) A failure of Golf Generations Inc. to perform any of its duties under this Agreement, and that failure is not cured as set forth in Section 8(b) hereof; or

(iv) Any representative or material warranty made by Golf Generations Inc. herein or any material statement in any report, certificate, financial statement or other instrument furnished to the Foundation or in connection with this Agreement or with the purchase of the Certificates shall at any time prove to have been false or misleading in any material respect when made or given.

(b) *Cure.* Golf Generations Inc. shall have thirty (30) days after written notice from the Foundation specifying the nature of any Default under Section 8(a)(iii) within which to cure such Default; provided, that if the nature of the Default is such that it cannot be fully cured within thirty (30) days, Golf Generations Inc. shall notify the Foundation in writing of the time reasonably needed to cure said Default. The Foundation shall grant Golf Generations Inc. additional time to cure such Default, so long as Golf Generations Inc. diligently pursues a cure of the Default and the operations of the Golf Course are not adversely affected by such additional time to cure.

(c) *Exercise of Termination Option.* In the event of a Default under Section 8(a)(ii), (iii), or (iv) hereof, the Foundation may exercise its option under this Section 8 to terminate this Agreement by giving written notice of termination to Golf Generations Inc., effective upon receipt of notice or as otherwise provided in said notice. However, in the event of a Default under Section 8(a)(i), this Agreement shall automatically terminate without the necessity of further action by the Foundation.

Section 9 *Transfer Upon Termination.* Upon termination of this Agreement, Golf Generations Inc. shall execute any and all documents necessary to clear the title of the Foundation to all property that is part of the Golf Course (including real and personal, tangible and intangible property and fixtures), and shall fully cooperate with the Foundation to transfer the operation and management of the Golf Course to the Foundation's designated successor manager. Likewise, at any termination the Foundation shall promptly cooperate with Golf Generations Inc. concerning the transfer of any contracts, licenses, permits, or certificates, as is provided herein, from the Foundation to Golf Generations Inc.

Section 10 *Indemnity.* Golf Generations Inc., including its subcontractors and agents, is not an employee or partner of or joint venture with the Foundation hereunder, and all of Golf Generations Inc. activities relating to the Golf Course shall be in its capacity as independent contractor to the Foundation.

(a) *Obligations of Golf Generations Inc.* Subject to the following sentence, Golf Generations Inc. shall pay all obligations, defend all disputed claims and take action to enforce its rights arising out of or resulting from Golf Generations Inc. activities conducted in connection with or incidental to this Agreement, all as an Operating Expense. As an Operating Expense, Golf Generations Inc. may commence any legal action to enforce its obligations and the obligations of third parties which are necessary

for Golf Generations Inc. to be able to operate the Golf Course or to perform Golf Generations Inc. obligations under this Agreement. However, Golf Generations Inc. shall not commence any legal action against any third party that requires the Foundation to be included as a plaintiff without the prior written approval of the Foundation. Golf Generations Inc. shall give written notice to the Foundation of any legal action which is commenced that does not require the prior written approval of the Foundation.

(b) *Indemnification by Golf Generations Inc.* Golf Generations Inc. shall indemnify and save and hold harmless the Foundation, its officials, employees, agents, representatives, successors, and assigns from any and all claims, suits or actions of every nature and kind arising or growing out of Defaults under or breaches of this Agreement caused by Golf Generations Inc. or out of illegal, tortuous or negligent acts or omissions of Golf Generations Inc., its officers, agents, employees, representatives, successors and assigns under this Agreement or out of the alleged infringement of any copyright, trademark or other proprietary rights of any third party caused by actions of Golf Generations Inc., including without limitations claims for personal injury, death and property damage and all costs and expenses (including attorney fees) relating thereto. No costs or expenses of Golf Generations Inc. in indemnifying the Foundation pursuant to this paragraph or to defend itself in a claim or action filed against Golf Generations Inc. by the Foundation pursuant to this paragraph shall be borne by the Golf Course or shall otherwise be an obligation of the Foundation.

(c) *Indemnification by Foundation.* The Foundation shall indemnify and save and hold harmless Golf Generations Inc., its employees, agents, officers and directors from any and all claims, suits or actions of every nature and kind arising or growing out of Defaults under or breached of this Agreement caused by the Foundation or out of illegal, tortious or negligent acts or omissions of the Foundation, its officers, agents, employees, representatives, successors and assigns under the Agreement or out of the alleged infringement of any copyright, trademark or other proprietary rights of any third party caused by actions of the Foundation, including without limitation claims for personal injury, death and property damage and all costs and expenses (including attorney fees) relating thereto. Additionally, the Foundation shall indemnify and hold harmless Golf Generations Inc., its employees, agents, officers and directors from any and all claims, suits or actions of every nature and kind arising or growing out of the Golf Course or its management prior to the commencement of the term of this Agreement or after the term has expired, whether by reason of termination, cancellation or another reason.

(d) *Notice of Claims.* Golf Generations Inc. and the Foundation will provide each other with prompt and timely notice of any event covered by this Section 10(b) and in the event a claim or action is filed, each party may employ attorneys of its own choosing to appear and defend the claim or action on its behalf.

Section 11 Insurance. Golf Generations Inc. agrees to obtain a Workers Compensation and Employers Liability insurance policy insuring employees, from an insurance company licensed in the State of Kansas, and approved by the Foundation. Golf Generations

Inc. agrees to purchase Fidelity Insurance (Employee Dishonesty) for all employees, agents, subcontractors and other service providers. Golf Generations Inc. shall furnish the Foundation certificates of insurance for Workers Compensation and Fidelity Insurance, and copies of the policies by the Start Date of this Agreement, and thereafter shall furnish new certificates prior to the expiration date of the previous certificate(s).

Both parties agree to secure and maintain the following coverage's and amounts of insurance for the term of this Agreement. TYPE and AMOUNT of Insurance to be purchased by:

Golf Generations Inc.

1. Worker's Compensation and Employer's Liability as required by law:
 - \$500,000 Each Accident
 - \$500,000 Disease – Policy Unit
 - \$500,000 Disease – Each Employee

Including a Waiver of Subrogation and Alternate Employer coverage in favor of the Golf Course.

Kansas State University Golf Course Management & Research Foundation

2. Fidelity Insurance – covering all employees and officers having access to monies, including making deposits, disbursements or withdrawals or write checks inventory, and including pro shop contents, equipment & supplies, food, and liquor in the amount of \$100,000.
3. Commercial General (Public) Liability
 - \$1,000,000 Each Occurrence (or its equivalent)
 - \$1,000,000 Personal/Advertising
 - \$2,000,000 Products/Completed Operations Aggregate

Shall include but not be limited to the following:

- (a) Property Damage
- (b) Premises/Operations
- (c) Independent Contractors
- (d) Personal Injury
- (e) Products/Complete Operations
- (f) Liquor Liability

4. Property Insurance – Blanket Building and Personal Property Insurance including Golf Course Equipment located at the Golf Course. Building & Personal Property, to be on a Replacement Cost basis including Improvements and Betterments, and Equipment to be valued on Actual Cash Value.

5. Comprehensive Automobile Liability
 - \$1,000,000 Combined Single Unit (or its equivalent) to include coverage for:

- (a) Owned/Leased Automobiles
- (b) Non-Owned Automobiles
- (c) Hired Cars

6. Umbrella Liability, Excess of General \$4,000,000 Each Occurrence
Liability Automobile Liability, \$1,000,000 Annual Aggregate
Employer's Liability and Liquor Liability

Section 12 *Access to the Golf Course.* The Foundation and Golf Generations Inc. agree that the Golf Course shall be a daily fee facility open to the general public and that Golf Generations Inc. shall, with the approval of Foundation, such approval not to be unreasonably withheld, establish from time to time applicable fees, reservation policies and other rules and regulations, all of which shall be comparable with other first class golf facilities located in the Midwest. Notwithstanding the foregoing, the Foundation and Golf Generations Inc. acknowledge that the following persons shall be afforded priority tee times, reduced fee and or other benefits, all to be mutually acceptable to the Foundation and Golf Generations Inc., (i) then-current students, faculty and staff of Kansas State University, (ii) alumni of Kansas State University, (iii) certain contributors to the Foundation for the development of the Golf Facility, and (iv) participants in The First Tee of Manhattan program.

In addition to the foregoing, the Kansas State men and women's golf teams shall have free use of the Golf Course, except that such members shall be responsible for the food and beverage charges and merchandise purchased at the Golf Course. In addition, the teams shall have free use of the driving range and the practice facilities at the Golf Course (assuming approximately 12 to 15 members on each of the men and women's teams). Such access shall be coordinated with Golf Generations Inc. to include off-peak times so as to minimize disruption to the operations of the Golf Course and use thereof by paying customers.

The Foundation and Golf Generations Inc. recognize that Kansas State University may wish to utilize the Golf Course for up to nine (9) days per year for a sanctioned collegiate golf tournament(s) (up to three (3) days per tournament). The Foundation and Golf Generations Inc. shall meet with Kansas State University to schedule such events recognizing the common objective of minimizing the disruption of potential Gross Revenues at the Golf Course. Golf Generations Inc. agrees that the Foundation may utilize the Golf Course for (i) up to five (5) days per year for fund raisers for the Foundation, (ii) up to three (3) days per year for the Colbert-Fogler Golf Tournament, and (iii) up to three (3) days per year for "Founders" tournaments. All Foundation events will be at no cost to the Foundation for green fees or carts unless the Foundation charges the participants. The Foundation shall work in good faith with Golf Generations Inc. to schedule all such events recognizing the common objective of minimizing the disruption of potential Gross Revenues at the Golf Course.

Golf Generations Inc. acknowledges that the Foundation desires to conduct various clinics, camps and the likes at Kansas State University utilizing, in part, the Golf Course. The Foundation and Golf Generations Inc. will coordinate such use of the Golf Course.

Section 13 Miscellaneous.

(a) *Assignment.* The rights and obligations under this Agreement are not assignable by either party without the written consent of the other party hereto.

(b) *Notices.* In the event of delivery of any notice provided for or required under this Agreement, the notice shall be in writing and shall be effective upon delivery if delivered in person or by messenger, or upon the third (3rd) business day following deposit in the United States mail, certified mail, return receipt requested, postage prepaid, to the address of the addressee as follows:

To the Foundation:

Kansas State University Golf Course Management
and Research Foundation
Attention: Bernie Haney
122 Anderson Hall
Manhattan, KS 66506-0119

To Golf Generations Inc.:

Golf Generations Inc.
Attention: David Gourlay
5200 Colbert Hills Dr.
Manhattan, KS 66503-9687

Any party may change its address for notification purposes by giving the other parties written notice of such change in the manner provided above.

(c) *Entire Agreement: Amendment.* This Agreement constitutes the entire agreement between the parties pertaining to the subject matter hereof, and this Agreement supersedes all prior letter agreements and correspondence with respect to the subject matter of this Agreement. This Agreement may not be amended except by written Amendment, signed by the parties hereto.

(d) *Applicable Law.* This Agreement shall be deemed to have been entered into in the State of Kansas, and all questions of the validity, interpretation, or performance of any of its terms or any rights or obligations of the parties hereto shall be governed by Kansas law. The parties expressly agree that any suit brought to answer such questions or to otherwise enforce this Agreement or any of its terms shall be brought in the District Court of Riley County, State of Kansas.

(e) *Parties Bound.* With the exception of the limitation on assignability of this Agreement as provided above, this Agreement shall bind the respective successors and assigns of the parties to this Agreement.

(f) *Headings.* The headings used in this Agreement are used for administrative purposes only, and do not constitute substantive matter to be considered in construing the terms of this Agreement.

(g) *Severability.* In case any one or more of the provisions contained in this Agreement shall, for any reason, be held to be invalid, illegal or unenforceable in any respect, such invalidity, illegality or unenforceability shall not affect any other provision thereof, and this Agreement shall be construed as if such invalid, illegal or unenforceable provision had never been contained in this Agreement.

(h) *Inconsistencies: Agreement Prevails.* In the event any terms or requirements of this Agreement are inconsistent with prior negotiations or oral agreements between the parties, the provisions of this executed Agreement shall prevail.

(i) *Representations by Golf Generations Inc.* Golf Generations Inc. represents that:

(i) Golf Generations Inc. is a limited liability company duly organized and validly existing under the laws of the State of Kansas, and is duly authorized and qualified to do business in the State of Kansas.

(ii) Golf Generations Inc. has lawful power and authority to enter into this Agreement and to carry out its obligation hereunder. By proper action of its members, it has been duly authorized to execute and deliver this Agreement, acting by and through its duly authorized officers, and this Agreement is enforceable against it in accordance with the terms hereof.

(j) *Tax Covenant.* Golf Generations Inc. hereby covenants not to take or omit to take any action with respect to this Agreement or the Golf Course that would adversely affect the owners thereof for federal income tax purposes. The Foundation and Golf Generations Inc. hereby agree that this Agreement is intended to meet the requirements of Revenue Procedure 97-13 of the United States Internal Revenue Service.

(k) *Continuing Disclosure.* Golf Generations Inc. hereby agrees to promptly provide to the Foundation such information regarding the Golf Course as is necessary or appropriate for the Foundation to be able to comply with Rule 15c 2-12(b)(5) adopted by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as the same may be amended from time to time.

(l) Notwithstanding any other provision of this Agreement to the contrary, (i) Golf Generations Inc. has no liability hereunder if, at any time, Gross Revenues fails to meet Operating Expenses, (ii) In the event Gross Revenues fail to meet Operating Expenses and payments of principal and interest due on the loan, then Golf Generations Inc. is not automatically in default under this Agreement; and (iii) Golf Generations Inc. has no liability hereunder to advance or pay from its assets, including but not limited to the compensation payable to Golf Generations Inc. in accordance with this Agreement, any amount, for the benefit of the Foundation or the Golf Course.

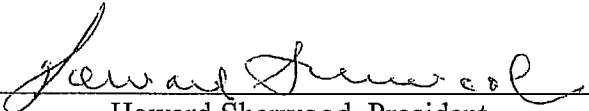
(m) *Construction of Agreement.* This Agreement has been negotiated by the parties with each being represented by counsel (or being entitled to such representation). No provision shall be construed in favor or against any party by reason of authorship.

(n) The Foundation acknowledges that Golf Generations Inc. is not a party to bank financing of the Golf Course or any of the documents concerning the Golf Course. The Foundation therefore acknowledges that Golf Generations Inc. has no liability with respect to the terms of such documents except as they explicitly apply to this Agreement.

(o) The parties acknowledge that under no circumstances does this agreement contemplate or grant to Golf Generations Inc. any rights, title, or interest to the Golf Course, its land(s), buildings, improvements, or any personal property owned by the Golf Course or Foundation.

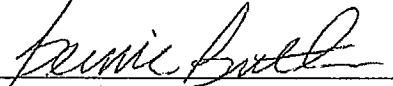
THIS OPERATIONS LEASE AGREEMENT has been entered into as of this date first hereinabove written.

KANSAS STATE UNIVERSITY GOLF COURSE
MANAGEMENT AND RESEARCH
FOUNDATION

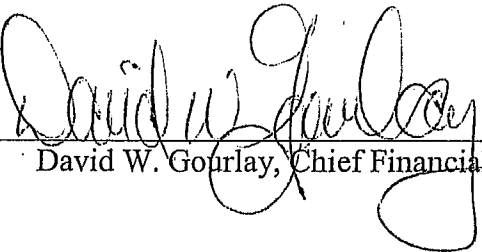
By: 
Howard Sherwood, President

(SEAL)

ATTEST:

By: 
Bernie Butler, Secretary

GOLF GENERATIONS INC.

By: 
David W. Gourlay, Chief Financial Officer