



Salt River Pima-Maricopa Indian Community

10,005 East Osborn Road, Scottsdale, Arizona 85256
Telephone (480) 362-7643 FAX (480) 362-5882



Community Development Department Economic Development Division

May 18, 2018

RE: Status Update Talking Stick Golf Lease (Business Lease B-191-1) May 14, 2018 Landowner Meeting

Dear Landowner,

On May 14, 2018 the Salt River Community Golf Enterprises ("Golf Enterprise"), as Lessee under the Talking Stick Golf Lease, presented proposed master lease amendment terms for the golf course property. Enclosed are copies of the handouts from the meeting. The Golf Enterprise gave a six-month status update of the Hotel Project, a proposed resort development to be located on the 46 acres of undeveloped land under the Talking Stick Golf Lease. The Hotel Project will require an amendment of the Talking Stick Golf Lease.

The meeting was attended by attendee Landowners, the Community Development Department/Economic Development Division ("CDD/EDD"), the Bureau of Indian Affairs, the Golf Enterprise Board of Directors, and the potential developers, Warnick - De Rito, LLC (the "Developers").

The purpose of the May 14th meeting was for the Golf Enterprise to provide Landowners proposed changes to the Talking Stick Golf Lease that would extend the term of the lease, broaden the use of the leased property, increase rent for the golf course property, and provide a Landowner Bonus. No action was requested.

The next Landowner Meeting is expected to be during Summer 2018 and the Developers will present its proposed rent terms for the 46 acres of undeveloped land.

For the past year, the Golf Enterprise has been working with the Developers on the Hotel Project. Within the next couple months we will circulate for your review a draft Talking Stick Golf Lease amendment that includes the terms presented at the May 14th meeting and the Hotel Project/resort property rent terms. The Golf Enterprise's goal is to have a comprehensive master lease amendment draft to circulate at the next landowner meeting.

As of May 10, 2018, there are 533 Landowners of the Talking Stick Golf Lease. To keep Landowners informed as much as possible, the Golf Enterprise established a website at <http://www.srpmic-nsn.gov/LeaseB191/>. This website is confidential to Landowners and not searchable on the internet; it is only accessible with the URL. The website holds information from the May 14th meeting including a video recording of the presentation, previous Landowner meetings, and information specific to the Talking Stick Golf Lease and the Hotel Project. Please check it regularly for additional information.

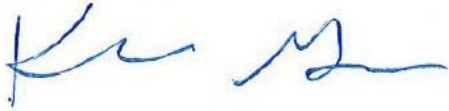
Enclosed are copies of the handouts from the meeting:

1. PowerPoint presentation "Salt River Community Golf Enterprises Amendment & Restatement of Master Lease B-191," May 14, 2018, Landowner Meeting, Talking Stick Golf Club
2. Comparison of Enterprises Golf Course Property Terms, Landowner Meeting May 14, 2018
3. CDD/EDD letter dated May 14, 2018 to each landowner stating projected share of the Landowner Bonus for the final approval of the Talking Stick Golf Business Lease Amendment.

The next Landowner Meeting will be scheduled for Summer 2018, with other meetings scheduled as necessary.

If you have any questions, please feel free to contact me at (480) 362-2702 or via e-mail: Karshannon.Gene@srpmic-nsn.gov. Thank you.

Respectfully,

A handwritten signature in blue ink, appearing to read 'Karshannon Gene', with a stylized, cursive script.

Karshannon Gene
Community Development Department
Economic Development Division

SALT RIVER COMMUNITY GOLF ENTERPRISES AMENDMENT & RESTATEMENT OF MASTER LEASE B-191

MAY 14, 2018
LANDOWNER MEETING
TALKING STICK GOLF CLUB



1

Agenda

Welcome

- Vice President Martin Havier, Chairman Salt River Community Golf Enterprises

The Enterprise Lease Amendment Update


- Mike Loustalot, Vice-Chairman SRCGE, Professional Member
- Landowner Spokesperson Comments

Warnick De Rito Development Update

Questions & Answers

Next Steps, Next Meeting

2



Looking to the future...

TALKING STICK GOLF CLUB

3

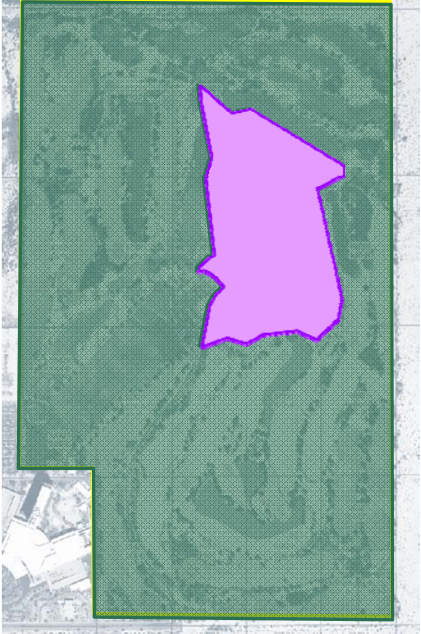


Master Lease B-191-1

- 392 acres
- Master Lessor: 531+ Landowners
- Master Lessee: Salt River Community Golf Enterprises
- Term of Lease: 65 years
 - 7/12/1996 – 7/11/2061

TALKING STICK GOLF CLUB

4



Amend the Master Lease

1. Allows for the creation of a separate Resort Lease for the 46 acres (a substitute lease)
2. The remaining 346 acres will be known as the Golf Course Property

TALKING STICK GOLF CLUB

5



Resort Lease

- Warnick – De Rito, LLC, developer for a resort
- Option to take an assignment of Resort Lease

Pending Terms

* *If Warnick – De Rito does not take an assignment of the Resort Lease—Enterprise is held to the Resort Lease terms*

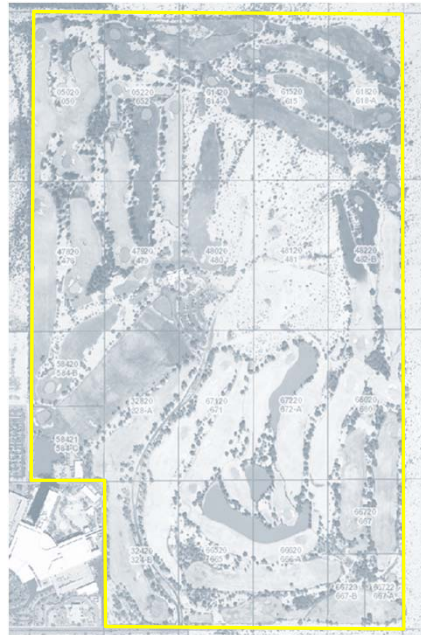
TALKING STICK GOLF CLUB

6

Amend the Master Lease

- Increase the length of the lease term
- Create a separate Resort Lease
 - terms pending
- Golf Course Property
 - Permit potential future change in use
 - Increase the rent
- Landowner Bonus
 - Upon approval of Master Lease amendment

7



Master Lease Amendment

Increase the lease term:
Extend from 65 years to 99 years

- 7/12/1996 – 7/11/2095

Increase in Rent – Golf Course
Property

8



Master Lease Amendment

Increase in Rent - Golf Course Property

- \$3,150 per acre per year Basic Rent
- Increase 5% every 5 years
- Additional Rent of 10% of golf revenues in excess of Basic Rent after 15 years

TALKING STICK GOLF CLUB

9



Master Lease Amendment

Increase in Rent - Golf Course Property

- Lease Year 65 (2061, the end of original lease term) rent increases to the greater of
 - previous year's rent, or
 - fair market rental
- Lease Year 70 (2066) rent reviewed and adjusted, and adjusted again every 5 years thereafter, based on consumer price index (CPI)

TALKING STICK GOLF CLUB

10



Master Lease Amendment


Increase in Rent – Golf Course Property

A future change in use triggers a potential change in rent:

- Fair Market Rental
- Appraisal
- Evaluate for Additional Rent

TALKING STICK GOLF CLUB

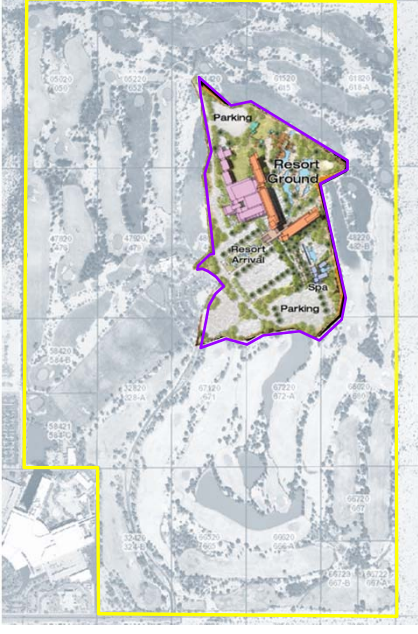
11



Enterprise will pay a Landowner Bonus if all required approvals are met

TALKING STICK GOLF CLUB

12



Landowner Bonus

\$2.5 Million Total Payment

- \$3,000 to each landowner
- Remainder paid to each landowner based on individual ownership in Leased Premises
- Individual statements available

TALKING STICK GOLF CLUB 13

Spokesperson Update

Warnick De Rito Resort Development Update



Looking to the future...

- Questions
- Next Steps

Comparison of Enterprises' Golf Course Property Terms

Landowner Meeting May 14, 2018

	Current	Amendment
Lease Term	<ul style="list-style-type: none"> 7/12/1996 – 7/11/2061 	<ul style="list-style-type: none"> 7/12/1996 – 7/11/2095
Permitted Uses Golf Course Property	<ul style="list-style-type: none"> Two 18-hole golf courses 	<ul style="list-style-type: none"> development and use in compliance with the zoning ordinances and other Legal Requirements of the Community
Rent Golf Course Property	<ul style="list-style-type: none"> \$3,000 per acres per year + Additional Rent 	<ul style="list-style-type: none"> \$3,150 per acre per year Increase 5% every five years No Additional Rent for 15 years after approval of amendment Commencing in year 16, Additional Rent would be amount by which 10% of Gross Sales – Golf Course revenues in any Lease Year exceeds Basic Rent – Golf Course Property for that Lease Year Beginning in Lease Year 65 (7/1/2061): rent the greater of 1) the previous year; or 2) an annual per acre Basic Rent amount based on the Fair Market Rental for the Lease Year, not < 110% nor > 150% from previous Lease Year Beginning Lease Year 70 (7/1/2066), rent reviewed and adjusted, and every 5 years thereafter based on positive changes in the Consumer Price Index If there is a change in use from golf course: Basic Rent steps determined by Fair Market Rental, appraisal, and evaluation of whether Additional Rent is appropriate
Landowner Bonus		<ul style="list-style-type: none"> Upon Approval of lease amendment, Enterprise to pay \$2.5 million to landowners as follows: Base Payment - \$3,000 to each landowner Pro Rata Payment - Remainder to be paid to each landowner based on individual ownership interest in Leased Premises