

BASS LAKE STATE BEACH LEASE

PREFACE

This lease is made and executed on May 5, 2008 by The Starke County Commissioners for and on behalf of Starke County, Indiana, a political subdivision, organized and existing under the laws of the State of Indiana, with its principal office at 53 W. Mound Street, Knox, Starke County, Indiana 46534 herein referred to as LESSOR, and Callahan Development, LLC, with its principal office located at 5250 South County Road 210, Knox, Indiana, 46534, hereinafter referred to as LESSEE.

WHEREAS, the LESSOR is in possession of the hereinafter described premises, with improvements thereon, consisting of approximately 20.80 acres, in Starke County, Indiana, legally described on the attached Exhibit "A", (hereinafter referred to as the "leased premises"), by virtue of a certain Real Estate Deed executed by the Governor of the State of Indiana for and on behalf of the Department of Natural Resources, Division of State Parks and Reservoirs, of the State of Indiana, and The grantee, Starke County Commissioners, the LESSOR herein, which Deed demises the premises to Starke County Indiana in perpetuity as long as it is used for outdoor recreation purposes in accordance with land and water conservation fund requirements and,

WHEREAS, LESSOR desires to lease the described premises to LESSEE, and LESSEE is willing to lease said premises from LESSOR.

Now therefore, the Parties agree as follows:

SECTION 1

Demise, Use, and Description of Premises

LESSOR hereby leases to LESSEE, and LESSEE leases from LESSOR, for the purpose of conducting therein the operation of a public campground, public beach and including such retail and service businesses as are normally conducted in such operations, for the sale at retail at any price of any and all services and merchandise normally associated with a public campground and a public beach, in and on the area commonly known as the Bass Lake State Beach, as shown in the deeds described in Exhibit A and to any improvements located thereon from time to time during the term hereof. LESSEE shall honor all claims for boat slips for 2008 so long as the individuals have receipts evidencing prepayment.

SECTION 2

Term

The term of this lease shall be for ten years, commencing on May 1, 2008, and ending on April 30, 2018. However this lease shall still end on April 30, 2018.

It is acknowledged that the LESSOR is the Owner under a certain Deed dated September 27, 2002, which is attached hereto as Exhibit A. And that LESSOR guarantees to LESSEE that LESSOR will be in a position to lease the leased premises to LESSEE for the full term of ten (10) years, as herein provided, and for the renewal term.

LESSOR hereby grants to LESSEE, at LESSEE's option, the right to renew this Lease for an additional ten (10) years, commencing on May 1, 2018 and ending on April 30, 2028, on the same terms and conditions as herein provided. LESSEE shall give LESSOR notice in writing of its intent to exercise this option of renewal on or before January 30, 2018.

SECTION 3

Rent

The rent shall be assessed and paid in two parts:

PART A: LESSEE shall pay, for and on behalf of LESSOR, all assessments for sewage line construction to the Bass Lake Conservancy District. Said assessments are presently in the sum of \$690.00 per month, totaling \$8280.00 annually. Said payments shall be made as the same fall due after _____, 2008, by LESSEE and to the party which the Starke County Commissioners are obligated to pay.

PART B: In addition to the rent due and payable under PART A above, the LESSEES shall pay rent annually in accordance to the following schedule:

LESSEE shall pay to LESSOR, as the rental due in each year of this Lease, the sum of Five Thousand (\$5000.00), payable in three (3) installments. The first installment of \$1000.00 is due on June 1, 2008. The second and third installments of \$2000.00 are due on July 1, 2008, August 1, 2008, each year, in cash, payable to the Starke County Auditor's office. Lease payments in any renewal of the Lease shall be negotiable, provided that lease increases annually shall not be greater than eight percent (8%) of the preceding year's lease.

Al physical improvements to the property and all extraordinary repairs or maintenance must be approved by the LESSOR. LESSEE shall have the right to deduct approved improvements and repairs from the rent due under PART B on an annual basis. Any improvements to the campground area shall become the property of LESSOR and shall remain with the property at the conclusion of the original term or any renewal thereof.

SECTION 4

Uses Prohibited

The permitted uses for the leased premises are for a public beach resort and campground.

LESSEE shall not use, or permit the premises, or any part thereof, to be used, for any purpose or purposes other than the purpose or purposes for which the demised premises are hereby leased; and no use shall be made or permitted to be made of the demised premises, nor acts done, which will cause a cancellation of any insurance policy covering the buildings located thereon or any part thereof, nor shall LESSEE sell, or permit to be kept, used, or sold, in or about the demised premises, any article which may be prohibited by the standard form of fire insurance policies. LESSEE shall, at its expense, comply with all requirements, pertaining to the demised premises, of any insurance organization or company, necessary for the maintenance of insurance, as herein provided, covering any building and appurtenances at any time located on the demised premises.

SECTION 5

Waste and Nuisance Prohibited

LESSEE shall not commit, or suffer to be committed, any waste on the demised premises or any nuisance.

SECTION 6

Abandonment

LESSEE shall not vacate or abandon the leased premises at any time during the term of this lease.

SECTION 7
Entry by Lessor

LESSEE shall permit LESSOR and the agents of LESSOR to enter into and on the demised premises at all reasonable times for the purpose of inspecting the same, or for the purpose of posting notices of no responsibility for alterations, additions, or repairs, without any rebate of rent and without any liability to lessee for any loss of occupation or quiet enjoyment of the premises thereby occasioned; and lessee shall permit LESSOR and its agents, at any time within 30 days prior to the expiration of this lease, or if it is renewed, then thirty (30) days prior to the expiration of the renewal term, to place on the demised premises any usual or ordinary "To Let" or "To Lease" signs and exhibit the premises to prospective tenants at reasonable hours.

SECTION 8
Notices

All notices, demands, or writings in this lease provided to be given or made or sent that may be given or made or sent by either party hereto to the other, shall be deemed to have been fully given or made or sent when made in writing and deposited in the United States mail, registered and postage prepaid, and addressed as follows:

To Lessor: Starke County Commissioners
53 East Mound Street
Knox, Indiana 46534

To Lessee: Callahan Development, LLC.
5250 South CR 210
Knox, IN 46534

The address to which any notice, demand, or writing may be given or made or sent to any party as above provided may be changed by written notice given by such party as above provided.

SECTION 9
Taxes and Assessments

(a) Taxes. LESSOR shall be responsible for all ad valorem real estate taxes that may be assessed against the property, if any. LESSEE shall be responsible for and pay for all taxes which may be assessed against their operation of the premises, personal property taxes, sales taxes and other taxes associated with their business operations in a timely manner, including any license fees or other governmental charges imposed due to their operation of the leased premises.

(b) Assessments. It is acknowledged by the parties that the leased premises are subject to a monthly assessment for sewer lines. LESSEE shall pay monthly charges on said assessment, in addition to the normal operating sewage bill for the leased premises, which payment shall be considered additional rent as hereinbefore provided in Section 3.

SECTION 10
Repairs and Destruction of Improvements

(a) Maintenance of Present Improvements. LESSEE shall, throughout the term of this lease, at its own expense, and without any expense to LESSOR, keep and maintain the premises, including all buildings and improvements of every kind which may be part thereof, and all appurtenances thereto,

including sidewalks, adjacent thereto, in good, sanitary, and neat order, condition, and repair, and except as hereinafter specifically provided, restore and rehabilitate any improvements of any kind which may be destroyed or damaged by fire, casualty, or other cause whatsoever. LESSEE shall not be obligated to make any repairs, replacements, or renewals of any kind, nature, or description whatsoever to the demised premises or any buildings or improvements thereof, except the LESSORS do hereby consent and agree the LESSEE's may, at their option, improve the water and sewer system in the campground area, and make other improvements with the prior written approval of the LESSOR. LESSEE shall also be responsible for the cost of repairs to lift station.

(b) Damage to and Destruction of Improvements.

The damage, destruction, or partial destruction of any building or other improvement which is a part of the premises shall not release lessee from any obligation hereunder, except as hereinafter expressly provided, and in case of damage to or destruction of any such building or improvements, lessee, at its own expense, shall promptly repair and restore the same to a condition as good or better than that which existed prior to such damage or destruction. Without limiting such obligations of lessee, the proceeds of any insurance covering such damage or destruction shall be made available to lessee for such repair or replacement.

(c) Damage or Destruction Occurring Toward End of Term.

Anything to the contrary in the immediately preceding subsections of this section notwithstanding, in case of destruction of any building or improvements on the premises or damage thereto from any cause so as to make the same untenable occurring during the last year of the term hereof, LESSEE, if not then in default hereunder, may elect to terminate this lease by written notice served on LESSOR within 15 days after the occurrence of such damage or destruction. In the event of such termination, there shall be no obligation on the part of LESSEE to repair or restore the building or improvements nor any right on the part of LESSEE to receive any proceeds collected under any insurance policies covering such building or improvements or any part thereof. On such termination, rent, taxes, assessments, and any other sums payable by LESSEE to LESSOR hereunder shall be prorated as of the termination date, and in the event any rent, taxes, or assessments shall have been paid in advance, LESSOR shall rebate the same for the unexpired period for which payment shall have been made.

(d) Election Not to Terminate.

If, in the event of such destruction or damage during the last year of the term hereof, or any renewal term, LESSEE does not elect to terminate this lease, the proceeds of all insurance covering such damage or destruction shall be made available to LESSEE for such repair or replacement, and LESSEE shall be obligated to repair or rebuild the buildings and improvements as above provided.

SECTION 11
Utilities

LESSEE shall fully and promptly pay for all water, gas, heat, light, power, telephone service, and other public utilities of every kind furnished to the premises throughout the term hereof, and all other expenses of every kind whatsoever of or in connection with the use, operation, and maintenance of the premises and all activities conducted thereon, and LESSOR shall have no responsibility of any kind for any thereof. LESSEE shall also assume responsibility for the payment of all outstanding Bass Lake Conservancy District bills. Any past due bills paid by LESSEE shall not be deducted from rent.

SECTION 12

Liens

(a) LESSEE 's Duty to Keep Premises Free of Liens.

LESSEE shall keep all of the premises and every part thereof and all buildings and other improvements at any time located thereon free and clear of any and all mechanics; materialmen's and other liens for or rising out of or in connection with work or labor done, services performed, or materials or appliances used or furnished for or in connection with any operations of lessee any alteration, improvement, repairs, or additions which lessee may make or permit or cause to be made, or any work or construction by, for, or permitted by lessee on or about the premises, or any obligations of any kind incurred by lessee, shall at all times promptly and fully pay and discharge all claims on which any such lien may or could be based, and shall indemnify LESSOR and all of the premises and all buildings and improvements thereon against all such liens and claims of liens and suits or other proceedings pertaining thereto. LESSEE shall give LESSOR written notice not less than seven (7) days in advance of the commencement of any construction, or alteration, addition, improvement, or repair costing in excess of Fifteen Hundred Dollars (\$1500.00) in order that LESSOR may post appropriate notices of LESSOR 's no responsibility.

(b) Contesting Liens.

If LESSEE desires to contest any such lien, it shall notify LESSOR of its intention to do so within thirty (30) days after the filing of such lien. In such case, and provided that LESSEE shall on demand protect LESSOR by a good and sufficient surety bond against any such lien and any costs, liability, or damage arising out of such contest, lessee shall not be in default hereunder until thirty (30) days after the final determination of the validity thereof, within which time LESSEE shall satisfy and discharge such lien shall not, in any case, be delayed until execution is had on any judgment rendered thereon, and such delay shall be default of LESSEE hereunder. In the event of any such contest, lessee shall protect and indemnify LESSOR against all loss, expense, and damage resulting therefrom.

SECTION 13

Indemnification of Lessor

LESSOR shall not at any time or to any extent whatsoever be liable, responsible, or in any way accountable for any injury to or death of persons or loss, destruction or damage to property, including property and employees of LESSEE, occurring in, on, or about the premises or wherever occurring, resulting from any use of or activities on the premises, whether such injury, death, loss, destruction, or damage shall be caused by or in any way result from or arise out of any act, omission, or negligence of LESSEE or of any occupant, subtenant, visitor, or user of any portion of the demised premises, or shall result from or be cause by any other matter or thing, whether of the same kind as or of a different kind than the matters or things above set forth, and lessee shall forever indemnify LESSOR against any and all claims, liability, loss, damage, actions, or causes of action whatsoever on account of any such injury, death, loss, destruction, or damage, and any related expense, including attorney's fees.

SECTION 14

Attorney's Fees

If any action at law or in equity shall be brought to recover any rent under this lease, or for or on account of any breach of, or to enforce or

interpret any of the provisions of this lease, or for the recovery of the possession of the demised premises, the prevailing party shall be entitled to recover from the other party, as part of the prevailing party's costs, reasonable attorney's fees, the amount of which shall be fixed by the Court and shall be made a part of any judgment or decree rendered.

SECTION 15

Surrender of Premises

LESSEE shall pay the rent under PART A and PART B and all other sums required to be paid hereunder in the amounts, at the times, and in the manner herein provided, and shall keep and perform all the terms and conditions hereof on its part to be kept and performed and, at the expiration or sooner termination of this lease, shall peaceably and quietly quit and surrender to LESSOR the premises in good order and condition subject to the other provision of this lease. In the event of the nonperformance by lessee of any of the covenants of LESSEE undertaken herein, this lease may be terminated as herein provided.

SECTION 16

Remedies Cumulative

All remedies hereinbefore and hereafter conferred on LESSOR or LESSEE shall be deemed cumulative and no one exclusive of the other or any other remedy conferred by law.

SECTION 17

Insurance

(a) Insurance Coverage of Premises.

LESSEE shall, at all times during the term of this lease and at its expense, keep all improvements which are now or hereafter a part of the premises insured against loss or damage by fire and the extended coverage hazards for eighty percent (80%) of the full replacement value of such improvements under Stipulated Amount Endorsement naming LESSOR and LESSEE as the insured, and with loss payable to LESSOR and LESSEE as their interests may appear, and any loss adjustment shall require the written consent of both LESSEE and LESSOR, except that any loss not exceeding One Thousand Dollars (\$1000.00) shall be payable to LESSEE alone, and the loss adjustment in such cases shall not require the written consent of LESSOR.

(b) Insurance Coverage of Fixtures.

At all times during the term of this lease, LESSEE shall, at its expense, keep all trade fixtures and equipment and all merchandise of LESSEE or a subtenant or concessionaire of lessee that may be in the premises from time to time, insured against loss or damage by fire and the extended coverage hazards of an amount, that, in LESSEE 's judgment, will insure the ability of LESSEE, its subtenants, and concessionaires to replace such trade fixtures, equipment, and merchandise.

(c) Personal Injury Liability Insurance.

LESSEE shall, at its expense, maintain, in effect throughout the term of this lease, personal injury liability insurance covering the premises and its appurtenances and sidewalks fronting thereon, including the sidewalk area used for pedestrians or vehicular travel entering or leaving the premises, in the amount Five Hundred Thousand Dollars (\$500,000.00) for injury to or death of any one person, and One Million Dollars (\$1,000,000.00) for injury to or

death of any number of persons in one occurrence, and property damage liability insurance in the amount of the appraised value of the buildings and improvements. Such insurance shall specifically insure LESSEE against all liability assumed by it hereunder, as well as liability imposed by law, and shall insure both LESSOR and LESSEE but shall be so endorsed as to create the same liability on the part of the insurer as though separate policies had been written for LESSOR and LESSEE.

(d) LESSOR's Right to Pay Premiums on Behalf of LESSEE.

All of the policies of insurance referred to in this section shall be written in form and by insurance companies satisfactory to LESSOR. LESSEE shall pay all of the premiums thereof, including all endorsements and amendments thereof, to LESSOR, and in the event of the failure of LESSEE either to effect such insurance in the names herein called for within days after the commencement of this lease term and thereafter at least days prior to the expiration of any policy, or to pay the premiums therefore when required, or to deliver such policies or certificates thereof to LESSOR at least 14 days before they become effective, LESSOR shall be entitled, but shall have no obligation, to effect such insurance and pay the premiums therefore, which premiums shall be repayable to LESSOR with the next installment of rent, and failure to repay the same shall carry with it the same consequences as failure to pay any installment of rent. Each insurer mentioned herein shall agree, by endorsement on the policy or policies issued by it, or by independent instrument furnished to LESSOR, that it will give LESSOR 14 days written notice by registered mail before the policy or policies in question shall be altered or cancelled. LESSOR shall not unreasonably withhold its approval as to the form of the policies of insurance or insurance companies. (The insurance provided for in subsection (b) of this section shall not be subject to the provisions of this subsection (d)).

(e) Definition of Full Replacement Value.

The term "full replacement value" of the improvements as used herein shall mean the actual replacement cost thereof from time to time less exclusions provided in the normal fire insurance policy. In the event either party believes that the full replacement value (that is to say, the then replacement cost less exclusions) has increased or decreased, it shall have the right, but except as provided below, only at intervals of not less than one (1) year, to have such full replacement value redetermined by the fire insurance company which is then carrying the largest amount of fire insurance carried on the demised premises (hereinafter referred to as "impartial appraiser"). The party desiring to have such full replacement value so redetermined by such impartial appraiser shall forthwith on the submission of such determination to such impartial appraiser give written notice thereof to the other party hereto. The determination of such impartial appraiser shall be final and binding on the parties hereto, and lessee shall forthwith increase (or may decrease) the amount of the insurance carried pursuant to this section as the case may be to the amount so determined by the impartial appraiser. Such determination shall be binding for a period of one (1) year, and until superseded by agreement between the parties hereto or by a subsequent redetermination by an impartial appraiser. [Each party shall pay Fifty percent (50%) of the fee, if any, of the impartial appraiser or The party requesting the determination shall pay the entire fee, if any, of the impartial appraiser.] If during any one (1) year LESSEE shall have made improvements to the premises, LESSOR may have such full replacement value redetermined at any time after such improvements are made, regardless of when the full replacement value was last determined. The term "full replacement value" of trade fixtures, equipment, and merchandise, as used herein shall mean the actual replacement cost thereof from time to time. In the event

either part believes that the full replacement value has increased or decrease, it shall have the right to have such replacement value redetermined as provided above.

(f) Adjustment of Coverage.

In the event that either party shall at any time deem the limits of the bodily injury or property damage liability insurance then carried to be either excessive or insufficient, the parties shall endeavor to agree on the proper and reasonable limits for such insurance then to be carried and such insurance shall thereafter be carried with the limits thus agreed on until further change pursuant to the provisions of this subsection, but, if the parties shall be unable to agree thereon, the proper and reasonable limits for such insurance to be carried shall be determined by an impartial third person selected by the parties, or should they be unable to agree on a selection, by impartial third person chosen by The Judge of the Starke Circuit Court or their successors on application by either party made after ten (10) days written notice to the other party of the time and place of such application, and the decision of such impartial third person as to the proper and reasonable limits for such insurance then to be carried shall be binding on the parties and such insurance shall be carried with the limits as thus determined until such limits shall be again be changed pursuant to the provisions of this subsection: The expense of such determination shall be borne equally by the parties.

(g) Blanket Insurance Policies.

Notwithstanding anything to the contrary contained within this section, LESSEE 's obligation to carry the insurance provided for herein may be brought within the coverage of a so-called blanket policy or policies of insurance carried and maintained by LESSEE; provided or otherwise be different from that which would exist under a separate policy meeting all of the requirements of this lease by reason of the use of such blanket policy of insurance, and provided further that the requirements of subsection (d) of this section are otherwise satisfied.

(h) Cost of Insurance Deemed Additional Rental.

The cost of insurance required to be carried by LESSEE in this section shall be deemed to be additional rental hereunder.

SECTION 18
Insolvency and Bankruptcy

Either (a) the filing by LESSEE of a voluntary petition in bankruptcy or the making an assignment for the benefit of creditors, or (b) the consenting by LESSEE to the appointment of a receiver or trustee of all or any part of its property, or (c) the filing by LESSEE of a petition or answer seeking reorganization under the National Bankruptcy Act or any other applicable law, or (d) the filing by LESSEE of a petition to take advantage of any insolvency act shall constitute a breach of this lease by LESSEE. On the occurrence of any such event, this lease shall terminate 90 days after written notice of termination from LESSOR to LESSEE.

SECTION 19
Notice of Default

Except as to the provisions of Section 21 hereof, LESSEE shall not be deemed to be in default hereunder in the payment of rent or the payment of any other monies as herein required or in the furnishing of any bond or insurance policy when required herein unless LESSOR shall first give to LESSEE 30 days written notice of such default and LESSEE has failed to cure

such default within such 30 day period.

Except as to the provisions or events referred to in the proceeding sentence of this section, LESSEE shall not be deemed to be in default hereunder unless LESSOR shall first give to LESSEE 30 days written notice of such default, and LESSEE has failed to cure such default within such 30 day period, or if the default is of such a nature that cannot be cured within 30 days, LESSEE has failed to commence to cure such default within such period of 30 days or has failed thereafter to proceed to the curing of such default with all possible diligence.

SECTION 20

Default

In the event of any default hereunder by LESSEE, LESSOR, in addition to the other rights or remedies it may have, shall have the immediate right of reentry and may remove all persons and property from the premises; such property may be removed and stored in a public warehouse or elsewhere at the cost of, and for the account of LESSEE. Should LESSOR elect to re-enter, as herein provided, or should LESSOR take possession pursuant to legal proceedings or pursuant to any notice provided for by law, it may either terminate this lease or it may from time to time, without terminating this lease relet the premises or any part thereof for such term or terms (which may be for a term extending beyond the term of this lease) and at such rental or rentals and on such other terms and conditions as LESSOR in its sole discretion may deem advisable with a right to make alterations and repairs to the premises; on each such reletting (a) lessee shall be immediately liable to pay to LESSOR, in addition to any indebtedness other than rent due hereunder, the expense of such reletting and for such alterations and repairs incurred by LESSOR, and the amount, if any, by which the rent reserved in this lease for the period of such reletting (up to but not beyond the term of this lease) exceeds the amount agreed to be paid as rent for the demised premises for such period on such reletting; or (b) at the option of LESSOR, rents received by LESSOR from such reletting shall be applied, first, to the payment of any indebtedness, other than rent due hereunder from LESSEE to LESSOR; second, to the payment of any expenses of such reletting and of such alteration and repairs; third to the payment of rent due and unpaid hereunder and the residue, if any, shall be held by LESSOR and applied in payment of future rent as the same may become due and payable hereunder. If lessee has been credited with any rent to be received by such reletting under option (a) hereof, and such rent shall not be promptly paid to LESSOR by the new tenant, or if such rentals received from such reletting under option (b) hereof during any month are less than that to be paid during that month by lessee hereunder, LESSEE shall pay any such deficiency to LESSOR. Such deficiency shall be calculated and paid monthly. No such re-entry or taking possession of the premises by LESSOR shall be construed as an election on the part of LESSOR to terminate this lease unless a written notice of such intention is given to LESSEE or unless the termination thereof be decreed by a court of competent jurisdiction. Notwithstanding any such reletting without termination, LESSOR may at any time thereafter elect to terminate this lease for such previous breach. Should LESSOR at any time terminate this lease for any breach, in addition to any other remedy he may have, he may recover from LESSEE all damages he may incur by reason of such breach, including the cost of recovering the premises, and including the worth at the time of such termination of the excess, if any, of the amount of rent and charges equivalent to the rent reserved in this lease for the remainder of the stated term over the then reasonable rental value of the premises for the remainder of the stated term, all of which amounts shall be immediately due and payable from LESSEE to LESSOR.

SECTION 21
LESSOR's Right to Perform

In the event that LESSEE by failing or neglecting to do or perform any act or thing herein provided by it to be done or performed shall be in default hereunder and such failure shall continue for a period as heretofore described in Section 21, after written notice from LESSOR specifying the nature of the act or thing to be done or performed, then LESSOR may, but shall not be required to, do or perform or cause to be done or performed such act or thing (entering on the demised premises for such purposes, if LESSOR shall so elect) and LESSOR shall not be or be held liable or in any way responsible for any loss, inconvenience, annoyance, or damage resulting to LESSEE on account thereof, and lessee shall repay to LESSOR on demand the entire expense thereof, including compensation to the agents and employees of LESSOR. Any act or thing done by LESSOR pursuant to the provisions hereof shall not be or be construed as a waiver of any such default by lessee or waiver of any covenant, term, or condition herein contained or for the performance thereof or of any right or remedy of LESSOR hereunder or otherwise. All amounts payable by lessee to LESSOR under any of the provisions of this lease, if not paid when the same become due as provided in this lease, shall bear interest from the date the same become due until paid at the rate of six percent (6%) per annum, compounded annually.

SECTION 22
Zoning Changes

In the event there is any change in the zoning of the demised premises required or desired by LESSEE from time to time during the term hereof, the same shall be instituted or obtained by LESSEE, at LESSEE 's expense, and lessee assumes all responsibility therefore. In the event any change in zoning is required or desired by LESSEE, provided, however, that such change must have the approval of LESSOR, neither this lease, nor any of its terms, covenants, or conditions shall be affected thereby, whether or not LESSEE is successful in obtaining such change in zoning. If LESSEE in good faith desires to obtain any change in the zoning of the demised premises LESSOR shall, without cost to LESSOR, execute any instruments or documents that may be necessary to obtain such zoning change, provided the execution thereof shall not, in LESSOR 's opinion, jeopardize or adversely affect LESSOR 's interests.

SECTION 23
Maintenance

LESSEE shall, at LESSEE's expense, maintain in good condition and repair all the improvements on the premises so that they are maintained in at least their present condition, ordinary wear and tear excepted.

SECTION 24
Alterations by Lessee

LESSEE shall have the right at its option to improve the premises and may install structural improvements and alterations, such as sewer and water lines throughout the campground, provided they do so by advancing the funds necessary to accomplish such alterations or improvements. In such event, the LESSOR agrees to reimburse the LESSEE for sewer and water installation

throughout the campground by deductions by LESSEE from the rental payment due under PART B of the rent to LESSOR. Invoices will be presented to LESSOR for any such improvements. It is specifically agreed between the parties that the improvements made shall remain with the Leased Premises and become the property of LESSOR at the termination of this original Lease or any renewals thereto. LESSOR hereby grants LESSEE the right to install the water and sewer lines. In the event any State or Federal monies or grants are received by the LESSOR for the purpose of installing sewer or water lines throughout the campground, those monies or benefits shall become the property of LESSOR. LESSEE shall have the right to continue deductions in PART B rentals until such times as it has been fully reimbursed for its investment in the sewer and water lines throughout the campground.

SECTION 25

Maintaining Appearance of Premises

LESSEE, at its expense, shall maintain the condition of the premises as a first-class campground and beach facility in the State of Indiana.

SECTION 26

Assignment of Sublease

LESSEE may grant concessions for the operation of one or more parts of LESSEE's business provided that LESSEE shall at all times directly manage and control the campground and beach facilities on the demised premises.

LESSEE shall not assign this lease, or any interest herein, and, except as provided above, shall not sublet the demised premises or any part thereof, or any right or privilege appurtenant thereto, or suffer any other person (the agents and employees of LESSEE excepted) to occupy or use the demised premises, or any portion thereof, without the prior written consent of LESSOR, which consent shall not be unreasonably withheld by LESSOR; and a consent to one assignment, subletting, occupation, or use by any other person, shall not be deemed to be a consent to any subsequent assignment, subletting, occupation, or use by another person. Any such assignment or subletting without such consent shall be void and shall, at the option of LESSOR, terminate this lease. This lease shall not, nor shall any interest therein, be assignable, as to the interest of LESSEE, by operation of law, without the written consent of LESSOR.

SECTION 27

Surrender of Lease

The voluntary or other surrender of this lease by LESSEE or a mutual cancellation thereof shall not work a merger, and shall, at the option of LESSOR, terminate all or any existing subleases or subtenancies, or may, at the option of LESSOR, operate as an assignment to it of any and all such subleases or subtenancies.

SECTION 28

Waiver

The waiver by LESSOR of, or the failure of the LESSOR to take action with respect to any breach of any term, covenant, or condition herein contained shall not be deemed to be a waiver of such term, covenant, or condition, or any subsequent breach of the same or any other term, covenant, or condition herein contained. The subsequent acceptance of rent hereunder

by LESSOR shall not be deemed to be a waiver of any preceding breach by LESSEE of any term, covenant, or condition of this lease, other than the failure of lessee to pay the particular rentals so accepted, regardless of LESSOR 's knowledge of such preceding breach at the time of the acceptance of such rent.

SECTION 29 **Holding Over**

Any holding over after the expiration of the term of this lease, with the consent of LESSOR, shall be construed to be a tenancy from month to month, at the same monthly rental as required to be paid by LESSEE for the period immediately prior to the expiration of the term hereof, and shall otherwise be on the terms and conditions herein specified, so far as applicable.

SECTION 30 **Condition of Premises; Disposition of Improvements; Trade Fixtures**

LESSEE acknowledges that the premises are now in good condition and they accept them "as is". It is the LESSEE's intent to install sewer and water to the campground area, in its sole discretion and subject to reimbursement through the rent from the LESSOR. On the expiration of this lease or any sooner termination hereof, LESSEE shall surrender the premises and all improvements thereon to LESSOR in good, sanitary and neat order, condition and repair.

LESSEE shall have the right to remove its personal property, tools, lawnmowers, wagons, vehicles, trade fixtures or any other personal property of the LESSEE, from the leased premises at the expiration or other termination of this Lease term provided LESSEE shall repair any damage to the premises caused by such removal.

SECTION 31 **Supervision and Control of Lessee**

It is understood that a major consideration inducing the execution of this lease by LESSOR is that Richard Callahan personally control and direct the operation of the activities of LESSEE; and if at any time during the term of this lease Richard Callahan should, either voluntarily or involuntarily, relinquish control of lessee, then and in any such event such loss of control shall be deemed an assignment, and the provisions of this lease respecting assignment as set forth herein shall be deemed applicable thereto.

SECTION 32 **Time of the Essence**

Time is of the essence of this lease, and of each and every covenant, term, condition and provision hereof.

SECTION 33 **Section Captions**

The captions appearing under the section number designations of this lease are for convenience only and are not a part of this lease and do not in any way limit or amplify the terms and provisions of this lease.

SECTION 34
Short Form of Lease for Recording

A short form of this lease, in substantially the form hereunto attached and marked Exhibit "**B**" will be executed and acknowledged by the parties for the purpose of recording. Since this lease will extend for more than three (3) years, a short form of this lease shall be recorded in the records of the Starke County Recorder.

In witness whereof, the parties have executed this lease at May 5, 2008.

LESSOR:

Kevin Kroft
Kevin Kroft

Kent Danford
Kent Danford

Mark Milo
Mark Milo

LESSEE:

Richard Callahan
Richard Callahan
Callahan Development LLC

Attest:

Michaelene J. Houston
Michaelene J. Houston

STATE OF INDIANA, COUNTY OF STARKE, SS:

Before me, a Notary Public in and for said County and State, personally appeared, Kevin Kroft, Kent Danford and Mark Milo, for and on behalf of the Starke County Commissioners, with proper authority to execute this lease, and Richard Callahan, CEO of Callahan Company, LLC, with proper authority, and acknowledge the execution of this document as their voluntary act and deed.

Witness my hand and seal this 5th day of ~~April~~ may, 2008.

My Commission Expires:

1/11/16

Martin Bedrock
Notary Public residing in Starke County, IN

WHEREAS, State of Indiana, Department of Conservation, for park purposes

has filed in the Land Department of the office of the Auditor of State of the State aforesaid, the certificate of the Treasurer of State, whereby it appears that full payment has been made according to the provisions of an Act of the General Assembly of the State of Indiana, approved March 9, 1889, entitled "An Act authorizing the sale and conveyance of certain lands of the State of Indiana, disposing of the proceeds thereof, and providing for the recovery of the possession of any of the lands of the State unlawfully held and for the rent of any of the lands of the State until sold repealing all laws in conflict therewith and declaring an emergency," and an Act of the General Assembly of the State of Indiana, approved March 2, 1923, amendatory thereof, for the following described tract of land situate in Starke County, Indiana, in the State aforesaid, which lands are and were sold by the State of Indiana as swamp lands according to the U. S. Survey and the map and plat of said lands caused to be made by the Auditor of State as required by the Act of the General Assembly, which said map and plat is now on file in the office of the Auditor of State, the description thereof being as follows, to-wit:

A portion of land lying between the center of State Highway No. 10 and Bass Lake, more particularly described as follows:

Commencing on the Township Line, between California and North Bend Townships, Starke County, Indiana, at a point 54 feet North of the Northwest Corner of Lot No. 3, Section 15, Township 32 North, Range 1 West; thence along the center of said State Highway as follows: North 57 deg. East--1400 feet; thence North 42 deg. East--400 feet; thence North 35 deg. East--338 feet; to the U.S. Meander Line of Bass Lake; thence North 15 deg. East along the Meander line 20 feet to the East and West Half Section Line in said Section 15; thence West on said half section line 130 feet, more or less, to the water's edge of Bass Lake; thence in a Southwesterly direction along the water's edge 2135 feet, more or less, to the said Township Line; thence South along the Township line 56 feet, more or less, to the place of beginning, which is the center of the State Road No. 10. All in North Bend Township, Starke County, Indiana, and in Section 15, Township 32 North, Range 1 West, and containing 7.37 acre, more or less.

which land was purchased by the said State of Indiana, Department of Conservation, for park purposes for the sum of One Hundred Ninety-six Dollars and Seventy-five Cents (\$196.75)

as appears by Certificate No. _____, and it appearing that all and several the provisions and requirements of the above described Act of the General Assembly of the said State, authorizing the sale and conveyance of State lands has been fully complied with:

NOW KNOW YE, That the State of Indiana, in consideration of the premises and in conformity with the provisions of said law has given, granted, bargained and sold and by these Presents does give, grant, bargain

and sell unto the said State of Indiana, Department of Conservation, for park purposes the tract of land above described.

TO HAVE AND TO HOLD the same, together with all the rights, privileges, immunities and appurtenances of whatsoever nature thereunto belonging unto the said State of Indiana, Department of Conservation, for park purposes, its heirs and assigns forever.

IN TESTIMONY WHEREOF, I, HARRY G. LESLIE, Governor of the State of Indiana, have caused these letters to be made patent and the seal of the State to be hereto affixed.

Given under my hand at the City of Indianapolis, Indiana, this 20th day of October, in the year of our Lord, one thousand nine hundred and twenty-nine.

Harry G. Leslie
By the Governor.

ATTEST:

Arthur M. Bobbitt
Auditor of State.

75-30-0010



Campground Inspection Report

Environmental Public Health Division
Indiana State Department of Health
100 N. Senate Ave., N855
Indianapolis, Indiana 46204
317/233-7173 Fax: 317/233-7047
www.eph.in.gov

Date: June 19, 2013

County: Starke

Notice

| | |
|---|---|
| 75-508 Bass Lake Beach SR 10-35 Bass Lake PWSID #: Independent sites: 0 Dependent sites: 57 | Starke County Commissioners Richard Callahan 5837 SR 10 Knox, IN 46534 Phone: Fax: Email: |
|---|---|

If any of the above information is incorrect, please contact the Environmental Health Section

This inspection revealed the following violations of 410 IAC 6-7.1 that must be corrected by **July 26, 2013**.

After the compliance date, if the violations listed below remain uncorrected; an enforcement action may be initiated to obtain the correction of these violations.

1. A rescue tube was not provided at the bathing beach. This is a violation of 410 IAC 6-7.1-27-(b)(12)(A).
2. A ring buoy with an attached rope was not provided at the bathing beach. This is a violation of 410 IAC 6-7.1-27(b)(12)(B).
3. The shepards crook, spine board, and first aid kit at the beach was not ready for use. This is a violation of 410 IAC 6-7.1-27(b)(13).
4. Litter was scattered around the beach. This is a violation of 410 IAC 6-7.1-28(a).
5. Raw sewage was being discharged to the ground surface where the septic tank pumper was parked the dump valve was leaking into a bucket which was overflowing. This is a violation of 410 IAC 6-7.1-24(a).
6. The toilet plumbing lines were leaking in the women's restroom at the north beach. This is a violation of 410 IAC 6-7.1-26(h)(1).
7. Refuse was scattered on the ground around the dumpster. This is a violation of 410 IAC 6-7.1-28(a).
8. The floor drains in the men's restroom at the campground were not equipped with drain guards. This is a violation of 410 IAC 6-7.1-26(e).
9. The women's shower was missing a showerhead in the campground comfort station. This is a violation of 410 IAC 6-7.1-26(e).
10. A light in the women's restroom at the campground comfort station was out. This is a violation of 410 IAC 6-7.1-26(d)(7).
11. A waste container was not available in the women's restroom at the beach. This is a violation of 410 IAC 6-7.1-26(h)(1).
12. Electrical wiring was not maintained in a safe condition because there was no power to the north beach comfort station. This is a violation of 410 IAC 6-7.1-29(a).
13. The swings in the playground were missing seats and the tire swing was broken. This is a violation of 410 IAC 6-7.1-22(2).
14. There was an open doorway in the wall in the men's comfort station at the north beach. This is a violation of 410 IAC 6-7.1-26(h)(1).
15. There was a hole located at the lift station providing a breeding ground for mosquitoes and a safety hazard for the workers. This is a violation of 410 IAC 6-7.1-22.

As a reminder, the construction, addition to, or significant change in the construction of any campground requires submittal of plans, drawn to scale, to the department. These plans must be certified by a registered engineer or architect licensed to practice in Indiana and must be submitted at least 90 days prior to the start of construction. 410 IAC 6-7.1-20.

Douglas W. Williamson, Environmental Health Scientist
317/412-2133
dwilliam@isdh.in.gov

JAW
6/21/2013

STARKE COUNTY HEALTH DEPT

53E WASHINGTON ST

KNOX IN. 46534

RECEIVED

JUN 28 2013

BASS LAKE BEACH REPORT

JUNE 27, 2013

STARKE COUNTY AUDITOR

1. MAIN BATHROOM/RESTAURANT ON BEACH IS LACKING TWO WASTE CONTAINERS IN WOMENS BATHROOM IN STALLS. NO PAPER TOWELS IN DISPENSERS, ELECTRIC HAND DRIER NOT WORKING, ALSO LIGHT NOT WORKING ON CEILING.
2. NO SPINE BOARD OR SHEPARD'S HOOK AVAILABLE.
3. NORTH/EAST BATHROOM ON BEACH IN WOMENS BATHROOM MISSING ONE WASTE CONTAINER IN STALL, NO HAND TOWELS IN DISPENSER, ONE LIGHT NOT WORKING, EXHAUST FAN NOT WORKING.
4. MENS BATHROOM ON NORTH/EAST END OF BEACH HAS NO HAND TOWELS IN DISPENSER.
5. CAMP GROUND BATHROOM NEEDS ONE WASTE CONTAINER IN WOMENS BATHROOM, SLOAN VALVE ON WOMENS TOILET LEAKING BUT BEING FIXED AT TIME OF INSPECTION.
6. NO LIME PUT ON GROUND WHERE PUMP TRUCK WAS LEAKING EFFLUENT ON GROUND.
7. AT THIS TIME THE SANITARIAN INSTRUCTED BRIAN CALLAHAN TO SHUT DOWN THE BEACH "NO SWIMMING" UNTIL SAFETY/EMERGENCY DEVICES ARE PURCHASED AND PLACED FOR EASY ACCESS FOR EMERGENCY SITUATIONS. SANITARIAN WILL CHECK AND MAKE SURE ORDER IS FOLLOWED ON 6-28-13 WITH A VISIT TO BEACH.

STARKE COUNTY HEALTH DEPT

SANITARIAN

CHRIS DALTON

STARKE COUNTY HEALTH DEPT

53E WASHINGTON ST

KNOX IN. 46534

RECEIVED

JUL 15 2013

STARKE COUNTY AUDITOR
RECEIVED

JULY 12, 2013 INSP REPORT FOR BASS LAKE BEACH & CAMPGROUND

JUL 16 2013

8:15AM

STARKE COUNTY AUDITOR

1. NORTH END BEACH BATHROOM UTILITY DOOR INSIDE BATHROOM DOES NOT CLOSE TO LOCK UP. MENS ROOM EXHAUST FAN NOT WORKING YET, BUT NEW ONE WAS BEING INSTALLED AT TIME OF INSPECTION.
2. BEACH BATHROOM OUTSIDE WATER FAUCET ON WOMENS SIDE IS LEAKING STEADY.
3. SOME WIND BLOWN TRASH IN LAWN BY CHAIN LINK FENCE ON BEACH SIDE.
4. WOMENS CAMPGROUND BATHROOM AT TIME OF INSPECTION HAD TWO TOILETS OUT OF ORDER AND EACH HAD SOME WASTE IN THEM. ONE WASTE BASKET MISSING FROM WOMENS STALL.
5. CAMP GROUND BATHROOM FACILITY EXTERIOR DOOR FOR STORAGE IS NOT LOCKED.

CHRIS DALTON
SANITARIAN

STARKE COUNTY HEALTH DEPT