

Holiday Island Suburban Improvement District

110 Woodsdale Drive
Holiday Island, AR 72631
(479) 253-9700
hisid@holidayislandark.org

TO: HISID Board of Commissioners
FROM: Kevin Crosson, District Manager *ka*
DATE: April 15, 2009
SUBJ: *Consideration, Golf Cart Lease Extension*

The District is currently in its 3rd year of a 5-year lease with Yamaha Motor Corporation, U.S.A. for 51 gas-powered golf carts. The District golf courses have operated with leased Yamaha carts for at least the last 8 years, and have found them to be consistently reliable from a performance standpoint.

Yamaha has presented a proposal to replace our existing fleet with new 2009 golf carts (with a new 5-year lease) at a **slightly reduced** price from our 2006 lease. In addition, Mr. Storie has negotiated the addition of split windshields, so we will actually be looking at an upgraded fleet.

You will find attached a copy of the new lease proposal, along with a copy of the 2006 lease for your information. Staff does recommend that the Board accept the proposal as submitted.

Please feel free to contact me at your convenience with any questions or comments regarding this lease. Thank you.



1000 GA Highway 34 East • Norman, Georgia • 30285-1320

Telephone: 866-747-4227 • Fax: 770-254-4158

April 14, 2009

Holiday Island Golf Course
Kevin Crosson
1 Country Club Drive
Holiday Island, AR 72631

Dear Kevin,

We at the Yamaha Golf Car Company are pleased to submit the following proposal to Holiday Island Golf Course for 60) 2009 Yamaha "Drive" gas golf cars with the following.

- | | |
|----------------------|---------------------------------|
| Color: Glacier White | ClimateGuard Sun Tops w/ Drains |
| Split Windshields | Fleet Numbers (1-60) |
| Sweater Baskets | Drink Holders |
| Wheel Covers | Sand Bottles (2 per car) |
| Set-Up & Delivery | Four Year Warranty |

Lease

A 60) month lease with payments of \$89.74 per car, per month on a 6 month pay basis. Payment months will remain the same as current lease, March thru August. Delivery of new fleet would be set for May, 2009 and first payment due June 1, 2009. Any applicable taxes or insurance are not included in this price.

I appreciate your business and the opportunity to submit this proposal to Holiday Island Golf Course. Please call me with any questions at 918-671-8711.

Thank you,

Proposed By:
Dennis Nelson
District Sales Manager
Yamaha Golf Car Company
Date: April 14, 2009

Accepted By:
Kevin Crosson
General Manager
Holiday Island Golf Course
Date:

Dennis Nelson

89.74 per CAR

X 51 CARS

4,576.74

X 30 PAYMENTS

137,302.20 NEW LEASE

137,365.50 OLD LEASE

MASTER LEASE AGREEMENT

M06035032

MASTER LEASE AGREEMENT dated February 3, 2006, between YAMAHA MOTOR CORPORATION, U.S.A., having its principal place of business at 6555 Katella Avenue, Cypress, California 90630 ("Lessor"), and Holiday Island Sub. Improv. Dis. #1, having its principal office at 105 Woodsdale Dr. Holiday Island, AR 72631 ("Lessee").

Lessor and Lessee hereby agree as follows:

1. Lease of Equipment. Lessor leases to Lessee the equipment described on each attached Equipment Schedule (the "Equipment"), on the terms and conditions of this Lease, the applicable Equipment Schedule, and each rider attached hereto.
2. Term. The term of this lease for the Equipment described on a particular Equipment Schedule shall commence on the date set forth on such Equipment Schedule and shall continue for the number of months indicated on such Equipment Schedule.
3. Rent. Lessee shall pay Lessor rent for the Equipment ("Rent") in the amounts and at the times set forth on the applicable Equipment Schedule. The amount of the Rent has been determined by amortizing the purchase price of the applicable Equipment (using the prices quoted in the Request for Proposal identified on the applicable Equipment Schedule ("RFP"), together with an interest factor at the rate specified in the applicable Equipment Schedule. Whenever any payment hereunder is not made when due, Lessee shall pay interest on such amount from the due date thereof to the date of such payment at the lower of Lessor's then prevailing rate for late payments specified in Lessor's invoice to Lessee for such payment or the maximum allowable rate of interest permitted by the law of the state where the Equipment is located.
4. Selection, Delivery, and Acceptance. Lessee shall select the Equipment and take delivery thereof directly from Lessor or an authorized dealer of Lessor (the "Dealer"). All costs of delivery are the sole responsibility of Lessee. Lessor shall not be liable for any loss or damage resulting from the delay or failure to have any Equipment available for delivery. Lessee shall inspect the Equipment to determine that the Equipment is as ordered and has been equipped and prepared in accordance with the RFP and any prior instructions given in writing by Lessee to Lessor or Dealer. Lessee shall accept the Equipment if it meets the criteria set forth in the preceding sentence and shall execute and deliver to Lessor or Dealer a Certificate of Acceptance, in form and substance satisfactory to Lessor, with respect to each shipment of Equipment. For all purposes of this Lease, acceptance is conclusively established by Lessee's execution and deliver of a Certificate of Acceptance provided by Lessor. Lessee authorizes Lessor to insert in each Equipment Schedule the serial numbers and other identifying data of the Equipment.
5. Location, and Inspection. Lessee shall not move the Equipment from the locations specified in the applicable Equipment Schedule without Lessor's prior written consent. Lessor and its representatives shall have the right from time to time during business hours to enter upon the premises where the Equipment is located to inspect the Equipment and Lessee's records to confirm Lessee's compliance with this Lease.
6. Care, Use, and Maintenance. Lessee shall, at its expense, at all times during the term of this Lease, keep the Equipment clean, serviced, and maintained in good operating order, repair, condition, and appearance in accordance with Lessor's manuals and other instructions received from Lessor. Lessee will not use or operate the Equipment, or permit the Equipment to be used or operated, in violation of any law, ordinance or governmental regulations. The Equipment will be used and operated only as golf cars. Lessee shall safely store the Equipment when not in use and properly secure it at night and such other times when the golf course on which the Equipment is used is closed to play, and Lessee shall be solely responsible for such storage and safekeeping. If the Equipment is electrical, Lessee shall provide sufficient and adequate electrical charging outlets and water facilities for the batteries which are a part of the Equipment.
7. Insurance. Effective upon delivery of the Equipment to Lessee and until the Equipment is returned to Lessor as provided herein, Lessee relieves Lessor of responsibility for all risk of physical damage to or loss or destruction of all the Equipment, howsoever caused. During the continuance of this Master Lease, Lessee shall at its own expense, cause to be carried and maintained with respect to each item of Equipment designated in each Equipment Schedule public liability insurance in an amount of not less than \$1,000,000, and casualty insurance, in each case in amounts and against risk customarily insured against Lessee in similar equipment and, in amounts and against risk acceptable to Lessor. All policies with respect to such insurance shall name Lessor as additional insured and as loss payee, and shall provide for at least thirty (30) days' prior written notice by the underwriter or insurance company to Lessor in the event of cancellation or expiration of any such policies. Lessee shall, upon request of Lessor, furnish appropriate evidence of such insurance to

Lessor. Lessee shall bear the entire risk of loss, theft, destruction or damage to the Equipment from any cause whatsoever and shall not be relieved of the obligation to pay the total of the monthly payments or any other obligation hereunder because of any such occurrence. In the event of damage to any item of Equipment leased hereunder, Lessee, at its sole expense, shall immediately place the same in good repair and operating condition. In no event shall Lessor be liable for any loss of profit, damage, loss, defect or failure of any item of Equipment or the time which may be required to recover, repair, service, or replace the item of Equipment.

8. Storage. Lessee shall store the Equipment in such a manner as to prevent theft or damage from weather and vandalism.

9. Title. Title to the Equipment shall at all times remain with the Lessor. Lessee acquires only the interests of Lessee expressly described in this Lease, the applicable Equipment Schedule, and the riders attached hereto. Lessee shall not remove, move, or cover over in any manner any serial number on the Equipment. Lessee shall keep all Equipment free from any marking or labeling which might be interpreted as a claim of ownership thereof by Lessee or any party other than Lessor or anyone so claiming through Lessor.

10. Warranties. The Equipment is warranted only in accordance with the manufacturer's warranty. EXCEPT AS EXPRESSLY PROVIDED IN THE MANUFACTURER'S WARRANTY, LESSOR DISCLAIMS ANY OTHER WARRANTY, EXPRESSED OR IMPLIED, INCLUDING, WITHOUT LIMITATION, WARRANTIES OF MERCHANTABILITY, FITNESS FOR A PARTICULAR PURPOSE, AND NON-INTERFERENCE.

11. Alterations and Attachments. Lessee may, with Lessor's prior written consent, make such cosmetic modifications to the Equipment as Lessee may deem desirable in the conduct of its business; provided, however, that such alterations shall not diminish the value or utility of the Equipment, or cause the loss of any warranty thereon or any certification necessary for the maintenance thereof; and provided, further, that such modification shall be removable without causing damage to the Equipment. Upon return of the Equipment to Lessor, Lessee shall, if Lessor so elects, remove such modifications which have been made and shall restore the Equipment to its original condition, normal wear and tear and depreciation excepted.

12. Taxes. Lessee shall cooperate with Lessor in all reasonable respects necessary in order for Lessor to qualify for any exemption or exclusion from personal property tax on the equipment or sales or use tax on the leasing of the Equipment to Lessee hereunder. In the event that any such tax becomes payable by Lessor during the term of this Lease, Lessee shall pay to Lessor as additional rent, promptly on receipt of Lessor's invoice therefor, an amount equal to such tax. Lessee shall collect and remit any and all sales, use, and other taxes payable in any state, county, or city in respect of the rental or other use of the Equipment by Lessee.

13. Indemnity; Notice of Claim. Lessee shall be liable for, and hereby indemnifies Lessor and holds Lessor harmless from and against, any and all claims, costs, expenses, damages, losses, and liabilities (including, with limitation, attorneys' fees and disbursements) arising in any way from the gross negligence or misconduct of Lessee or Lessee's agents and independent contractors, or their respective employees. Lessee shall give Lessor prompt written notice of any claim arising out of the possession, leasing, renting, operation, control, use, storage, or disposition of the Equipment and shall cooperate in all reasonable respects at Lessee's expense in investigating, defending, and resolving such claim.

14. Return of Equipment. Upon the termination of an Equipment Schedule for any reason, unless Lessee is thereupon purchasing the Equipment from Lessor, Lessee shall make the Equipment available for inspection and pick up by Lessor or Dealer at Lessee's location at which the Equipment was used hereunder. The Equipment shall be returned to Lessor at the termination of this Lease in the same operating order, repair, condition, and appearance as when received by Lessee, less normal depreciation and wear and tear (which shall not include damaged or missing tires or wheels).

15. Defaults. The occurrence of any one or more of the following events shall constitute an "Event of Default" under this Lease:

(a) default by Lessee in the payment of any installment of rent or other charge payable by Lessee under any Equipment Schedule as and when the same becomes due and payable; or

(b) default by Lessee in the performance of any other material term, covenant or condition of this Lease, any Equipment Schedule, or any rider hereto, or the inaccuracy in any material respect of any representation or warranty made by the Lessee in this Lease or in any document or certificate furnished to the Lessor in connection herewith, which default or inaccuracy shall continue for a period of 10 days after notice; or

(c) A petition under the Bankruptcy Code or under any other insolvency law providing for the relief of debtors shall be filed by or against Lessee; or

(d) The voluntary or involuntary making of any assignment of a substantial portion of its assets by Lessee for the benefit of creditors shall occur; a receiver or trustee for Lessee or for Lessee's assets shall be appointed; any formal or informal proceeding for dissolution, liquidation, settlement of claims against or winding up of the affairs of Lessee shall be commenced; or

(e) Lessee shall default under any other lease or agreement between Lessee and Lessor or any of its assignees hereunder; or

(f) Lessee shall suffer a material adverse change in its financial condition from the date hereof, and as a result thereof Lessor deems itself or any of the Equipment to be insecure.

16. Remedies. Upon the occurrence of an Event of Default, Lessor, at its option, may pursue any one or more of the following remedies, in such order or manner as Lessor determines, each such remedy being cumulative and not exclusive of any other remedy provided herein or under applicable law:

(a) terminate all or any portion of the Equipment Schedules to this Lease;

(b) with or without terminating this Lease, take possession of the Equipment, with or without judicial process, Lessee hereby granting Lessor the right and license to enter upon Lessee's premises where the Equipment is located for such purpose;

(c) proceed by appropriate court action, either at law or in equity, to enforce performance by Lessee of the applicable covenants and terms of this Lease, or to recover from Lessee any and all damages or expenses, including reasonable attorneys' fees, which Lessor shall have sustained by reason of Lessee's default in any covenant or covenants of this Lease, or on account of Lessor's enforcement of its remedies thereunder; without limiting any other damages to which Lessor may be entitled, Lessor shall be entitled upon an Event of Default to damages in an amount equal to all Rent then due but unpaid, plus the aggregate amount of Rent thereafter coming due for the remaining term of this Lease, plus Lessor's costs and expenses of pursuing its remedies hereunder (including, without limitation, attorneys' fees), minus all amounts received by Lessor after using reasonable efforts to sell or re-lease the Equipment after repossession or from any guaranty by the Dealer or any third-party; and

(d) sell the Equipment or enter into a new lease of the Equipment. No delay by Lessor in pursuing any remedy shall be treated as a waiver of or limitation on such remedy or any other remedy.

17. Assignment. Neither Lessee nor Lessor shall transfer, assign, or sublease (except for rentals to players as contemplated hereunder in the ordinary course of business), or create, incur, assume, or permit to exist any security interest, lien, or other encumbrance on, the Equipment, this Lease, or any interest of Lessee therein.

18. Lessee's Representations and Warranties. Lessee represents and warrants to Lessor that: (a) Lessee has the authority under applicable law to enter into and perform this Lease and each Equipment Schedule and rider hereto; (b) Lessee has taken all necessary action to authorize its execution, delivery, and performance of this Lease and each Equipment Schedule and rider hereto; (c) the Lease and each Equipment Schedule and rider hereto have been duly executed and delivered by an authorized signatory of Lessee and constitute Lessee's legal, valid, and binding obligations, enforceable in accordance with their terms; (d) adequate funds have been budgeted and appropriated to enable Lessee to make all payments required under each Equipment Schedule to this Lease during the first twelve months of the term hereof; and (e) interest paid on indebtedness of Lessee held by Lessor would be excluded from Lessor's income for U.S. federal income tax purposes.

19. Non-Appropriation of Funds. Notwithstanding anything contained in this Lease to the contrary, in the event no funds or insufficient funds are budgeted and appropriated or are otherwise unavailable by any means whatsoever for Rent due under the Lease with respect to a Equipment Schedule in any fiscal period after the period in which the term of the lease with respect to such Equipment Schedule commences, Lessee will immediately notify Lessor in writing of such occurrence and the Lessee's obligations under the Lease shall terminate on the last day of the fiscal period for which appropriations have been received or made without penalty or expense to Lessee, except as to (i) the portions of Rent for which funds shall have been budgeted and appropriated or are otherwise available and (ii) Lessee's other obligations and liabilities under the Lease relating to the period, or accruing or arising, prior to such termination. In the event of such termination, Lessee agrees to peaceably surrender possession of the Equipment to Lessor on the date of such termination in the manner set forth in the Lease and Lessor will have all legal and equitable rights and remedies to take possession of the Equipment. Notwithstanding the foregoing, Lessee agrees (i) that it will not cancel the Lease and the Lease shall not terminate under the provisions of this section if any funds are appropriated to it, or by it, for the acquisition, retention, operation of the Equipment or other equipment or services performing functions similar to the functions of the Equipment for the fiscal period in which such termination would have otherwise occurred or for the next succeeding fiscal period, and (

that it will not during the Lease term give priority in the application of funds to any other functionally similar equipment or to services performing functions similar to the functions of the Equipment. This section is not intended to permit Lessee to terminate the Lease in order to purchase, lease, rent or otherwise acquire the use of any other equipment or services performing functions similar to the functions of the Equipment, and if the Lease terminates pursuant to this section, Lessee agrees that prior to the end of the fiscal period immediately following the fiscal period in which such termination occurs it will not so purchase, lease, rent or otherwise acquire the use of any such other equipment or services.

20. Binding Effect; Successors and Assigns. This lease and each Equipment Schedule and rider hereto shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and permitted assigns. All agreements and representations of Lessee contained in this Lease or in any document delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease.

21. Notices. Any notice, request or other communication to either party by the other shall be given in writing and shall be deemed received only upon the earlier of receipt or three days after mailing if mailed postage prepaid by regular mail to Lessor or Lessee, as the case may be, at the address for such party set forth in this agreement or at such changed address as may be subsequently submitted by written notice of either party.

22. Governing Law. This Lease and each Equipment Schedule and rider hereto shall be governed by and construed in accordance with the laws of the State where Lessee's principal administrative offices are located without giving effect to the conflicts of laws principles of such state.

23. Severability. In the event any one or more of the provisions of this Lease or any Equipment Schedule or rider hereto shall for any reason be prohibited or unenforceable in any jurisdiction, any such provision shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

24. Counterparts. This Lease and each Equipment Schedule and rider hereto may be executed in any number of counterparts, and by each party in separate counterparts, each of which shall be deemed an original, but all which counterparts together shall constitute one and the same agreement.

25. Article 2A. To the fullest extent permitted by applicable law, Lessee waives any and all rights and remedies conferred by Sections 2A-508 through 2A-522 of Article 2A of the Uniform Commercial Code in effect in the state designated in Section 26 below, except to the extent that such right or remedy is expressly granted to Lessee herein.

26. Status of Limitations. Any action by Lessee against Lessor or Dealer for any breach or default under this Lease must be commenced within one year after the cause of action accrues.

27. Entire Agreement. This Lease and all Equipment Schedules and riders hereto constitute the entire agreement between Lessor and Lessee with respect to the subject matter hereof, and there are no agreements, representations, warranties, or understandings with respect to such subject matter except as expressly set forth herein and therein. No alternation or modification of this Lease or any Equipment Schedule or rider hereto shall be effective unless it is in writing and signed by Lessor and Lessee.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease to be executed on the date first above written.

Holiday Island Suburban Improvement
District #1 of Carroll County

By: Kevin D. Crosson

Name: KEVIN D. CROSSON

Title: DISTRICT MANAGER

YAMAHA MOTOR CORPORATION, U.S.A.

By: Russell D. Jura

Name: Russell D. Jura

Title: Senior Vice President

EXHIBIT A

EQUIPMENT SCHEDULE # 85032

Dated 02/03/2006

M06035032

- This Schedule covers the following property ("Equipment"):
51 G22A GOLF CARS
- Location of Equipment:
HOLIDAY ISLAND GOLF
#1 COUNTRY CLUB DR
HOLIDAY ISLAND, AR 72631
- The Lease term for the Equipment described herein shall commence on March 01, 2006 and shall consist of 60 months from the first day of the month following said date.
- Rental payments on the Equipment shall be in the following amounts, payable on the following schedule:
30 MONTHLY PAYMENTS IN THE AMOUNT OF \$4,578.85 (APPLICABLE TAXES TO BE BILLED). STARTING MARCH 2006 AND ENDING AUGUST 2010. DUE THE 1ST OF THE MONTH AS FOLLOWS:

Mar-06 \$4,578.85	Mar-07 \$4,578.85	Mar-08 \$4,578.85	Mar-09 \$4,578.85	Mar-10 \$4,578.85
Apr-06 \$4,578.85	Apr-07 \$4,578.85	Apr-08 \$4,578.85	Apr-09 \$4,578.85	Apr-10 \$4,578.85
May-06 \$4,578.85	May-07 \$4,578.85	May-08 \$4,578.85	May-09 \$4,578.85	May-10 \$4,578.85
Jun-06 \$4,578.85	Jun-07 \$4,578.85	Jun-08 \$4,578.85	Jun-09 \$4,578.85	Jun-10 \$4,578.85
Jul-06 \$4,578.85	Jul-07 \$4,578.85	Jul-08 \$4,578.85	Jul-09 \$4,578.85	Jul-10 \$4,578.85
Aug-06 \$4,578.85	Aug-07 \$4,578.85	Aug-08 \$4,578.85	Aug-09 \$4,578.85	Aug-10 \$4,578.85

⚠ Please designate which of the following items are included in the monthly lease payment. Check any applicable item by marking the box. Items not marked will be considered not included.

Service: Yes No Storage: Yes No Property Taxes: Yes No Insurance: Yes No
 Other: Yes No *If yes, please provide further details

- Interest Factor: 5.593 %
- This Equipment Schedule is entered into pursuant to Lessor's accepted bid under RFP .
- Other Terms:
Lessee agrees to reimburse Lessor, who shall pay any assessed property taxes due on the equipment leased pursuant to Section 12 of the Master Lease Agreement.

This Equipment Schedule is issued pursuant to the Master Lease dated, February 03, 2006 (the "Lease"). All of the terms and conditions, representations and warranties of the Lease are hereby incorporated herein and made a part hereof as if they were expressly set forth in this Equipment Schedule and this Equipment Schedule constitutes a separate lease with respect to the Equipment described herein.

LESSEE: HOLIDAY ISLAND SUBURBAN IMPROVEMENT
 By: [Signature]
 Name: KEVIN D. CROSSON
 Title: DISTRICT MANAGER

LESSOR: YAMAHA MOTOR CORPORATION, U.S.
 By: [Signature]
 Name: Russ Jura
 Title: Senior Vice President