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RICHARD N. TAKECHI  
REGISTER OF DEEDS  
DOUGLAS COUNTY, NE

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**OMAHA SATELLITE LEASE AND OPERATING AGREEMENT**

Lunkers Bar & Grill

LESSEE: Big Red Lottery Services Ltd.

LESSOR: Lunkers Inc.

Address: 15664 W. Maple Rd.

**Legal Description:**

Lot 2, Walnut Ridge Hilltop, Replatte 10, Douglas County, Nebraska

**Please return to:**

William F. Harvey

Erwin Harvey Professional Corporation Attorneys

11248 John Galt Boulevard

Omaha NE 68137

402-339-7776

wharvey@erwinharvey.com

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This Satellite Lease and Operating Agreement is between Big Red Lottery Services Ltd., 11248 John Galt Boulevard, Omaha, NE 68137 and the undersigned "Satellite". In this Agreement: (i) "we" or "us" means Big Red Lottery Services Ltd.; (ii) "you" means the undersigned Satellite; (iii) "Premises" means the location specified below; (iv) "Game" means the legal gambling activities contemplated by this Agreement; (v) "Equipment" means any computer(s), input terminal(s), display device(s) and other equipment that we place at your Premises; and (vi) "Supplies" means tickets, bet slips and other items of personal property necessary to play the Game.

1. Lease. You hereby lease to us space within your Premises specified below. That space shall be as indicated on Attachment A or as mutually agreed and shall in any event be sufficient to allow play of the Game and placement of the Equipment in a manner that is convenient for your patrons. You agree that we may enter the Premises at any time during your normal business hours for purposes of inspecting or repairing the Equipment, viewing the manner in which the Game is offered, reviewing Game records, conducting Game audits, or exercising our rights under Section 7.

2. Compliance with Law. You agree to: (a) obtain and maintain in effect during the term of this Agreement all necessary and applicable licenses, permits, and approvals (including, but not limited to, a federal wagering stamp and any necessary licenses for your staff); and (b) comply with all "Regulatory Requirements" which include, but are not limited to, all applicable laws, regulations, ordinances, resolutions, rules and rulings promulgated by any federal, state or local government or any court, agency, instrumentality or official, and specifically including, without limitation, Omaha City Ordinance No. 32375 and related rules, agreements, memoranda of understanding, resolutions and actions, and the Nebraska County and City Lottery Act and regulations promulgated pursuant thereto, all as now existing or hereafter amended, adopted or replaced, and whether applicable to conducting the Game at your Premises, the operation of your business or otherwise.

3. Rent. We will pay you rent on the following basis (initial one): \_\_\_\_\_ (a) 4% of the amount wagered on the Game at the Premises each week; or Bl (b) 5.25% for the first \$10,000 wagered on the Game at the Premises each week, plus 2.5% of any amount in excess of \$10,000 wagered on the Game at the Premises each week (the amount wagered on the Game at the Premises in any week is hereinafter referred to as the "Weekly Handle"). You may change your rental basis selection once during the term of this Agreement, on 15 days' prior written notice to us. We will pay rent at least twice each month on settlement dates we choose. We may withhold or offset rent against any amounts you owe us under this Agreement or otherwise. If there is a change in Regulatory Requirements that we consider to be adverse, we may decrease the amount of rent due hereunder upon 45 days' prior written notice.

4. Staffing the Game. You agree to: (a) make the Game available to your patrons during your normal business hours and to prominently display the promotional and informational material we provide; (b) supervise and be responsible for the staffing necessary at your Premises for patrons to play the Game; and (c) require your staff to comply with all Game Rules (as defined below) and Regulatory Requirements. Staff members who have not been trained or approved by us or who have not been appropriately licensed shall not be permitted to have any duties with respect to the Game. If at any point during the term of this Agreement the average weekly handle for the most recent 26 and 52 week periods is \$15,000 or more, you may, by 30 day's prior written notice, ask us to provide staffing for the Game at your Premises in exchange for a reduction in rent payable to: (i) 1.0% of the first \$10,000 of Weekly Handle plus (ii) 2.0% of the amount of Weekly Handle over \$10,000. Alternatively, we may offer to provide staffing under such conditions if we determine that you may be able to achieve an average Weekly Handle of \$15,000 per week. We determine, at our discretion, the amount and manner of any staffing provided. If average Weekly Handle for any 12 week period drops below \$15,000, we may cease providing such staffing upon 30 days' notice to you, and your obligation to provide staffing under this Agreement would resume.

5. Your Other Obligations. You agree to comply with and perform all of your obligations under the Big Red Keno Satellite Manual (referred to herein as the "Game Rules"), as in effect from time to time, and which are incorporated herein by this reference. You further agree, at your expense, to: (a) provide and maintain (or reimburse us for) electrical power, phone lines (or other communications services designated by us) and any structural and other improvements necessary for conducting the Game at your Premises; (b) operate your business and the Premises in a clean, safe, orderly, lawful and respectable manner and condition, with no adverse changes as compared to when you became a Satellite facility for the Game; (c) maintain current, complete and accurate records pertaining to your business and transactions related to the Game and give us and/or relevant governmental officials access thereto promptly on request; (d) maintain commercially reasonable insurance (including, at least, public liability insurance) naming us as an additional insured and provide us with certificates evidencing the same on request; (e) pay all applicable taxes pertaining to conduct of the Game at your Premises (including, but not limited to, federal, state and local excise and occupational taxes); (f) use your best efforts to detect and prevent cheating with respect to the Game or tampering with the Equipment or Supplies and immediately report the same or your reasonable suspicions related thereto to us; and (g) maintain the confidentiality of all materials and information that we provide to you and return the same to us upon termination of the Agreement. You represent and agree that you have and will maintain all third party approvals necessary for you to perform under this Agreement.

6. Your Rights/Our Responsibilities. So long as you comply with this Agreement, we agree that you may be a sales outlet location for the gambling activities that we are legally allowed to offer at your Premises (including, but not limited to, keno and other gambling activities that may be permitted in the future). We will, at our own expense: (a) maintain any necessary central computer for the Game; (b) provide you with Equipment and Supplies; (c) repair (and, if necessary, replace) defective Equipment and insure (or self-insure) the same; (d) train one or more of your staff in operation of the Equipment; and (e) market the Game as we deem necessary (e.g., through on-Premises signs). We do not guarantee that operation of the Game or the Equipment will be uninterrupted or error-free. We will not be considered in default if our performance is prevented due to a cause beyond our control, including, but not limited to, computer and communications failures.

7. Equipment. All Equipment remains our property, shall not be considered fixtures and shall be returned to us immediately upon any termination or discontinuation pursuant to Sections 14 or 15. We may add to, remove from, or alter the Equipment at any time. You agree to use due care to safeguard the Equipment and agree to notify us immediately if any of it is lost, stolen, damaged, or destroyed or appears to be malfunctioning. You agree to reimburse us for any losses sustained as a result of your failure to comply with the foregoing or the negligence or intentional misconduct of you or your staff.

8. Marketing and Protection of Marks. You acknowledge that the name "Big Red Keno"®, the "Big Red" ball, and any other names, marks, slogans and similar materials that we may publish or distribute (the "Marks") are our property, whether or not trademarked, and you agree not to take any action to impair our ownership or the value thereof, or to bring the same into disrepute. You agree to obtain our prior written approval before you advertise or promote the Game or use the Marks.

9. Conduct of the Game. You agree to use reasonable efforts to ensure that persons playing the Game on your Premises are limited to your patrons physically present on your Premises. Except in the case of tickets written for 21 or more consecutive games, you shall require your patrons to redeem all winning tickets immediately after the last game to which they relate and prior to the calling of the next game. You shall redeem all winning tickets in the presence of all persons having purchased tickets at your Premises for the games to which such tickets relate, and you shall not permit players to purchase tickets, leave the Premises and return later for redemption. In the case of tickets written for 21 or more consecutive games, you may permit delayed redemption in accordance with the Game Rules.

10. Game Funds. You shall require all wagers on the Game to be paid in cash (meaning valid U.S. currency) at the time they are made. If you choose to cash checks for your patrons, you shall do so separately and at your own risk and shall not accept the same in our name. All cash proceeds of wagers and any non-cash proceeds that you accept in violation of this Agreement (collectively, "Game Funds") shall be our sole and exclusive property. You agree to: (a) hold Game Funds in trust for us; (b) keep Game Funds separate from your funds; and (c) prevent any of your creditors or other third parties from seizing or otherwise enforcing any lien, claim or other interest in Game Funds. All Game Funds, less prizes paid by you in accordance with the Game Rules, shall be deposited no later than noon of the first banking day after receipt into a separate bank account that we have approved. If the bank account is other than a direct deposit account, we are hereby authorized to transfer the balance of that account to our bank account on a daily basis and you agree to sign a funds transfer agreement to permit the same. We are entitled to immediate payment of any deposit of Game Funds not made when due or for any non-cash wager proceeds that you accept. Interest shall accrue thereon at the lesser of 24% per annum or the highest lawful rate.



**Addendum to Satellite Lease and Operating Agreement  
Program for Staffing and Rental Adjustment.**

**CRITERIA:** Big Red Lottery Services Ltd. is making available to eligible Satellites an additional keno staffing program. To be eligible you must, at a minimum, meet the following criteria:

- ~~Sales:~~ You must have verifiable combined beer and liquor sales of \$500,000 annually. Beer and liquor sales must be at least 75% of total revenue excluding keno.
- ~~Square Feet:~~ You must have at least 2,500 square feet operational as the bar/keno area. *wanted*
- ~~Parking:~~ You must have at least 120 parking stalls available for your exclusive use.
- ~~Seating Capacity:~~ You must have seating for at least 200 (which is within your fire capacity).

**STAFFING AND RENT ADJUSTMENT:** If you meet all these criteria, you may apply to have us provide keno staffing as follows:

1. We will provide staffing for keno at your location, subject to the provisions of this addendum. We determine, at our discretion, the amount and manner of any staffing provided.
2. Your rent will be adjusted to 1.0% on the first \$10,000 of Weekly Handle and 2.0% for amounts over \$10,000.
3. You may cancel this Addendum at any time upon 30 days prior written notice to us.
4. We may cancel this Addendum, upon 30 days prior written notice to you, at any time after 90 days from the date we start providing staffing if the average Weekly Handle drops below \$15,000 during any 12 week period. We may also cancel this Addendum at any time, upon 5 days written notice to you, if we determine that you no longer meet the criteria listed above or if Weekly Handle drops below \$6,500.
5. Upon cancellation of this Addendum, staffing and rental provisions will revert to those under the Satellite Lease and Operating Agreement.
6. This Addendum is subject to our acceptance, and is also subject to our verification of your initial and continuing compliance with the criteria listed above. You agree to give us access to your Premises during your business hours to verify the foregoing criteria. We reserve the right to waive, alter or amend the criteria at our discretion, or to apply additional criteria which we determine, in our discretion, to be necessary to the success of this program.
7. This Addendum, if accepted by us, forms a part of the Satellite Lease and Operating Agreement which, as amended by this Addendum, remains in full force and effect. Terms used herein and not otherwise defined have the meanings, if any, found in the Satellite Lease and Operating Agreement.

Satellite Name: <u>Lunkers, Inc</u>	<b>SATELLITE:</b>
DBA <u>Lunkers Bar &amp; Grill</u>	By: <u>Brian K. Knudtson</u>
Premises Address: <u>15676 W. Maple Rd</u>	Name: <u>Brian K. Knudtson</u>
<u>Omaha NE 68116</u>	Title: <u>Owner</u>
Accepted: Big Red Lottery Services Ltd. by Big Red Lottery Services Inc. as Managing General Partner	
By: <u>Mark G. Munger</u> Mark G. Munger, Vice President and Chief Operating Officer	Date: <u>Jan. 11, 2000</u>