

Homestead National Golf and Country Club

A JACK NICKLAUS SIGNATURE GOLF COURSE

4201 Tudor Centre Dr., Suite 310
Anchorage, Alaska 99508

Phone: (907) 563-7798
Fax: (907) 563-4506

Developed by:
Homestead Resort Properties, LLC I

Victor W. Trygstad, President

August 29, 1997

John Duffy, Planning Director
Matanuska Susitna Borough
350 Dahlia Ave.
Palmer, AK 99645

VIA FACSIMILE (907) 745-9876

RE: Mat Su Borough delays in providing HRP with a draft Lease/Option to Purchase Agreement and other related information.

Dear Mr. Duffy:

On July 15, 1997, the MSB Assembly passed an ordinance which authorized Homestead Resort Properties to lease with the option to purchase 320 acres of Borough land. At that meeting, you informed the Assembly that a draft lease was nearly finished. On Wednesday, July 16, 1997, I spoke with you by phone and requested to receive a copy of the Borough's lease option proposal. You said it would be available "in a couple of days", and no later than the end of the following week. To date, in spite of a subsequent written request, Homestead Resort Properties has not received a proposed lease option agreement from your department.

Further, HRP has not even received an official, signed copy of the Assembly passed ordinance from the Planning Department or any information regarding the process and procedures for leasing Borough land, including the initiation of the required fair market value appraisal.

Please provide Homestead Resort Properties with the following no later than the first week of September: (1) The MSB Lease/Option to Purchase Agreement draft proposal; (2) a copy of the official, signed ordinance passed by the Assembly; (3) all information regarding the process and procedures pertaining to both HRP and the Borough for the lease with option to purchase of MSB land, including the obligations, responsibilities, and costs allocated to the parties to the lease; and (4) specific information regarding what steps the Platting Department has taken to initiate the fair market value appraisal of the 320 acres.

Please provide the above information within the time frame requested.

Sincerely,

HOMESTEAD RESORT PROPERTIES, LLC I


Victor W. Trygstad, President

VWT:nj



MATANUSKA-SUSITNA BOROUGH

350 East Dahlia Avenue, Palmer, Alaska 99645-6488

Phone 745-4801 • Fax 745-9876

LAND MANAGEMENT DIVISION

September 5, 1997

Mr. Victor Trygstad, President
Homestead Resort Properties
P.O. Box 2267
Palmer, AK 99645

RE: Punctual Mail Pick-up and Delays

Dear Mr. Trygstad:

I am in receipt of your letter of August 29, 1997 in which you make several assertions, inquiries and requests regarding the lease/option purchase document. This information you've requested was provided to you by the Matanuska-Susitna Borough on August 19, 1997. Unfortunately, according to our U. S. Postal return receipt your information wasn't picked-up until more than two weeks had lapsed and by someone other than yourself.

In recent correspondence to the borough you have also alluded a statement made by Mr. John Duffy that the borough's draft lease/option "proposal" would be available "in a couple of days." It is my understanding that this statement attributed to Mr. Duffy was based on the belief that Homestead Resort Properties would provide the project's development and financing schedules which are required by Ordinance 97-039(AM). To date this information has not been received nor has any indication been made by Homestead Resort Properties when it may be forthcoming. We have therefore had to undertake additional work and research to draft a reasonable lease with purchase option without the benefit of your firm's information.

Subsequently we again request, as we have in correspondence on July 21, 1997 and again on August 19, 1997, that the projected development schedule and projected investment schedule, including phases need to be provided to complete the draft lease. If you are unable or do not yet have this standard information please so notify us and state when this information will be available. Additionally please inform us if you still have not received the borough letter of August 19, 1997 or if you prefer that letter to be mailed again to your Tudor Centre office or some third location.

Sincerely,

A handwritten signature in cursive script, appearing to read "Steve Cypra".

Steve Cypra
Land Management Agent



MATANUSKA-SUSITNA BOROUGH

350 East Dahlia Avenue, Palmer, Alaska 99645-6488

Phone 745-4801 • Fax 745-9876

LAND MANAGEMENT DIVISION

September 29, 1997

Mr. Victor Trygstad, President
Homestead Resort Properties
P.O. Box 2267
Palmer, AK 99645

Dear Mr. Trygstad:

We are in receipt of your fax today addressed to Mr. John Duffy. Since it has been one month as of today since your last correspondence it was good to hear from you again.

As requested in our letters of July 21, August 19 and September 5, 1997 we still haven't been provided with your project's development and financing schedules which were required by Ordinance 97-039AM. As you know, we have had to prepare the lease without this standard information and it has required additional time.

As you have now requested, the borough will forward a draft lease and the other requested information contained in your September 29th letter to your attorney, John Tindall, of Tindall Bennett and Shoup. Similarly, and to avoid delays in responding to Homestead Resort Properties requests, please forward any future correspondence to my attention as requested by Mr. Duffy in his letter of July 21, 1997.

Sincerely,

A handwritten signature in cursive script that reads "Steve Cyra".

Steve Cyra
Land Management Agent

cc: John Tindall, Esq

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Victor W. Trygstad, President

September 29, 1997

Mr. Don Moore
Borough Manager
Mat-Su Borough
350 East Dahlia Ave.
Palmer, AK 99645

VIA FACSIMILE (907) 745-9845

Dear Mr. Moore:

As you are aware, Homestead Resort Properties contacted Mr. Duffy on July 16, 1997 and requested to receive for review the MSB Planning Department's lease proposals mandated under ordinance 97-039(AM) and unanimously passed by the Assembly on July 15, 1997. Mr. Duffy responded to HRP that the borough's proposed lease agreement would be ready for HRP to review "in a couple of days." Mr. Duffy essentially gave the same answer to the Assembly during the hearings earlier in the week in response to a request to see the proposed lease by Assemblyman Devilbiss.

To date, and in spite of subsequent written requests, Mr. Duffy has failed to provide HRP with any substantive lease terms, conditions, or proposals. Therefore, no negotiations have taken place—negotiations which HRP attempted to initiate on July 16, 1997.

At some point one could conclude that Mr. Duffy has a bias or personal agenda contrary to carrying out the mandate of the MSB Assembly's ordinance in a timely manner, and therefore should withdraw from further involvement in the lease process between HRP and the borough.

I respectfully ask that you direct Mr. Duffy, as I have requested of him in writing, to make available to HRP at the planning department office by 5:00 p.m. today, the following previously requested items:

- (1) The MSB Lease/Option to Purchase Agreement final draft proposal;

Mr. Don Moore
September 29, 1997
Page 2

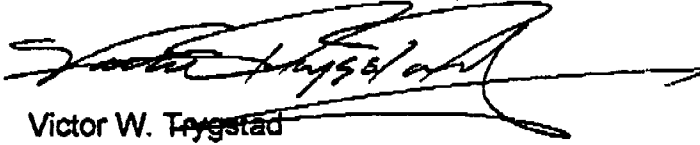
(2) All information regarding the process and procedures pertaining to both HRP and the Borough for the lease with option to purchase of MSB land, including the obligations, responsibilities, and costs allocated to the parties to the lease;

(3) Specific information regarding what steps the Planning Department has taken to initiate the fair market value appraisal of the 320 acres.

On another point, considering the importance of the lease to HRP, the Borough Administration, the public, and the mandate of the Assembly, I think the involvement of the Director of Land Management, Jill Parson, replacing the lower level land management staffer, Mr. Steve Cypra in this lease negotiation process, would be most helpful to all parties in concluding this lease/option to purchase negotiation in a timely manner.

Very truly yours,

HOMESTEAD RESORT PROPERTIES, LLC I



Victor W. Trygstad
President

VWT:nj

cc: John Tindall, Attorney

Mr. John Duffy
 September 29, 1997
 Page 2

I request the following previously requested items be made available to me to pick up in person by 5:00 today, September 29, 1997.

(1) The MSB Lease/Option to Purchase Agreement final draft proposal;

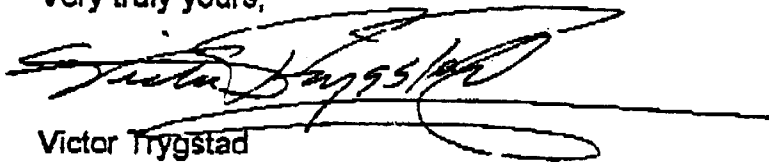
(2) All information regarding the process and procedures pertaining to both HRP and the Borough for the lease with option to purchase of MSB land, including the obligations, responsibilities, and costs allocated to the parties to the lease;

(3) Specific information regarding what steps the Platting Department has taken to initiate the fair market value appraisal of the 320 acres.

If this information is not made available to HRP today to allow HRP to review and participate in the lease process, participation which was provided to others more than a month ago, you are to direct all further correspondence from the Planning Department, or any member of your "negotiating team," to my attorney, John Tindall, at the following address:

John Tindall, Attorney
 Tindall Bennett and Shoup
 510 L Street, Suite 500
 Anchorage, AK 99501

Very truly yours,



Victor Trygstad

VT:nj



MATANUSKA-SUSITNA BOROUGH

350 East Dahlia Avenue, Palmer, Alaska 99645-6488

Phone 745-4801 • Fax 745-9876

LAND MANAGEMENT DIVISION

September 30, 1997

Mr. Victor W. Trygstad
Homestead Resort Properties, LLC 1
4201 Tudor Centre Dr., Suite 310
Anchorage, AK 99508

RE: September 29, 1997 Correspondence

Dear Mr. Trygstad:

In responding to your two letters dated September 29, 1997 the Matanuska-Susitna Borough, (borough) was sorry to hear you are unsatisfied with its performance to date regarding the preparation of your project's lease with purchase option. The borough has prepared this document in a fair and responsible manner, with care given to protecting the public interest. Equally important, it should be recalled that the Ordinance authorizing this transaction was enacted less than two months ago on August 5, 1997 and to date you have still failed to provide the development and financial schedules which have been repeatedly requested.

While your two letters of September 29th are addressed without copy to separate borough administrators, each letter requests three similar items, (1) the lease with purchase option in final draft form; (2) information regarding the process and procedures pertaining to both Homestead Resort Properties, LLC 1, (HRP) and the borough, including obligations, responsibilities and costs to both parties; and (3) the specific information on steps taken by the borough to appraise the subject property.

Concerning your first request, as noted in the borough's first response to your September 29th letter, a copy of the draft lease with purchase option is being made available to you today and is enclosed. It should be pointed out that as you and I discussed on September 29th this is not a "final" draft lease and the borough will continue to reserve its rights to revise the draft as necessary in addition to any negotiation discussions.

Regarding your second and third requests the borough has in place a Policy and Procedure Manual for Land Management which was adopted under Chapter 23 of the borough's municipal code. The manual and Chapter 23, in conjunction with Chapter 16, concerning the subdivision of land within the borough are being enclosed for your reference. These documents should provide you with any information

you need concerning your second and third requests. The borough does charge for copies of its documents, therefore please submit \$14.00 payable to the borough for these documents.

After you have had the opportunity to review the draft lease and the accompanying information you requested it is an appropriate time for you to provide the borough with dates when you will be available to meet with the borough's negotiating team. You are requested to forward your dates for meeting with the negotiating team to my attention. Please allow at least 14 days of prior for arranging any meetings.

In order to provide you with ample preparation for signing a completed lease document the following information and documents will be required by the borough before HRP will be allowed to execute a lease document. HRP, as a Limited Liability Corporation, (LLC) must submit the following to the satisfaction of the borough at least 14 days prior to either party signing the proposed lease:

1. Legal description, signed by a registered land surveyor, which adequately identifies the location of the leased premises and meets borough platting regulations for separating the parcel(s) from existing parcels of record. This description may later be amended or further defined as set forth in the lease.
2. A showing that HRP, as a LLC and otherwise, has met and is compliant in all respects with state and federal requirements including that it is current with the statutory filing requirements of the State of Alaska regarding Articles of Organization, including amendments and any designation and naming of a manager for a limited liability company.
3. A copy of HRP's operating agreement and amendments which discloses all members necessary to execute the lease with option to purchase on behalf of the company; or certified copies of the portion of the operating agreement which grants the authority to a specific designated manager to act on the company's behalf and if required by the operating agreement, a member's meeting resolution which confirms the manager's capacity to act in this matter.
4. A copy of the executed contract or agreement between HRP, and Jack Nicklaus Design Corporation (JNDC). Such contract must include, at a minimum, designation of JNDC as the golf course architect for the planning, design and construction of a Jack Nicklaus Signature golf course on the premises. In addition, the MSB, Land Management Division must be assured that it is listed as a party to receive at least 30 days written notice, prior to such contract or agreement being assigned, amended, modified, terminated or cancelled for any reason whatever by either party.
5. A disclosure by HRP, of its unrestricted or restricted authority to act on behalf of all owners, and other parties of interest (including lien holders) for the real property within the boundary of the proposed site plan of the entire project.

6. The projected development schedule and the projected investment schedule including phases as required by Ordinance 97-039(AM).

Items 3, 4 and 5 are requested with the understanding they may be business and financial records of a proprietary nature. HRP may specifically request the documents be afforded protection from disclosure as public records, under the exemptions of borough municipal code 1.50.040 (A) (2) (6) (7) (10), to the extent allowed by law. The borough will not, however, litigate challenges to the non-disclosure of these documents, and HRP will be solely responsible for asserting any rights it may have in this regard.

Sincerely,



Steve Cypra
Land Management Agent

enclosures: 9/30/97 Preliminary Draft Lease
Policy & Procedure Manual
Titles 16 & 23

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Developed by:
Homestead Resort Properties, LLC I

Victor W. Trygstad, President

Sept. 30, 1997

Linda Kelly
Land Management
Mat-Su Borough
350 East Dahlia Ave.
Palmer, Alaska 99645

VIA FACSIMILE (907) 745-9876

(Reference The Attention Of: Mr. John Duffy, Ms. Jill Parson, Mr. Steve Cypra)

Dear Ms. Kelly,

As I explained to you on the phone, I tried to contact Mr. Cypra directly and neither he, nor Ms. Parson, were in the office.

I have since received a call from Priscilla, Mr. Duffy's secretary, informing me that a proposed Lease/Option To Purchase draft will be ready for HRP to receive after 4:30 today. I told her that I would receive it in person at the Planning Dept. office, and not to mail it to Mr. Tindall, HRP's attorney.

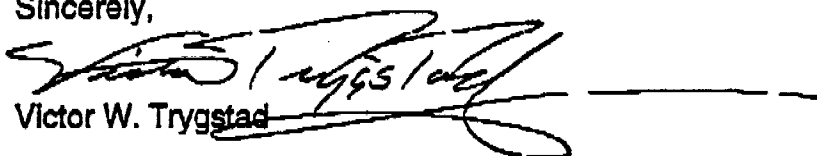
Please advise Mr. Cypra: 1) that I will receive the draft in person, and not to mail it to Mr. Tindall; and 2) that in light of the planning department's response to HRP's request to receive for review initial proposals in order to begin the lease negotiations, further written and phone contacts should be made directly with Homestead Resort Properties at the address and phone number below.

Finally, the planning department previously requested a phone and address update for HRP. HRP provided this in writing on August 14, 1997. Correspondence from the planning department continues to be sent to HRP's inactive address, which has caused unnecessary delays in this lease process. Would you please see that the appropriate personnel receive HRP's correct phone and address information provided again below:

Homestead Resort Properties, LLC |
4201 Tudor Centre Dr., Suite 310
Anchorage, Alaska 99508
Phone: (907) 561-1517
Fax: (907) 563-4506

Thank you kindly for your assistance this afternoon in the above matters.

Sincerely,


Victor W. Trygstad

VWT/nj



MATANUSKA-SUSITNA BOROUGH

350 East Dahlia Avenue, Palmer, Alaska 99645-6488

Phone 745-4801 • Fax 745-9876

LAND MANAGEMENT DIVISION

November 5, 1997

Mr. Victor W. Trygstad
Homestead Resort Properties, LLC 1
4201 Tudor Centre Drive, Suite 310
Anchorage, AK 99508

RE: Updated Draft Lease

Dear Mr. Trygstad:

Enclosed you will find an updated draft lease which is in a finalized form. The only portion absent is the Construction Rider which has been reserved for revision into final draft form.

To summarize our recent status we forwarded to you, at your request, the draft lease on September 30, 1997 at which time we requested from you dates for commencing discussions on the lease. Since then our only communication from you has been a request on October 10th for the lease document to be provided on computer disk. The borough promptly fulfilled your request on the same day.

As you now have had over a month to review the draft lease the borough is requesting again that a meeting be scheduled within thirty days of receipt of this letter. Please be reminded that at least 14 days advance notice of a meeting date will be needed by the borough.

Thank you for your prompt cooperation on this matter.

Yours Truly,

A handwritten signature in black ink that reads "Steve Cyra".

Steve Cyra
Land Management Agent

enclosure:

Draft Lease dated November 5, 1997

November 11, 1997

Mr. Steve Cypra
Land Management Agent
Matanuska-Susitna Borough
350 East Dahlia Ave.
Palmer, AK 99534

VIA FACSIMILE
(907) 745-9876

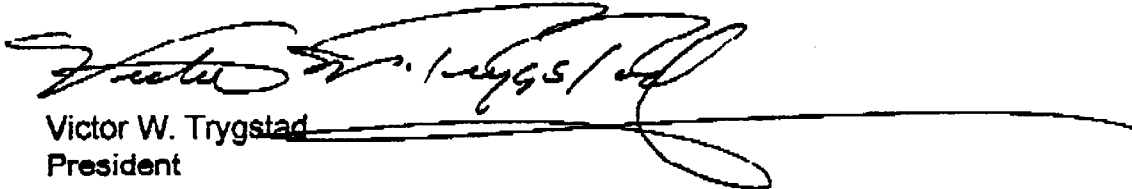
Dear Mr. Cypra:

On November 11, 1997, Homestead Resort Properties received a 55 page "updated draft lease" from you containing changes to the previous draft lease we received from the borough.

Would you kindly provide a "redline" version identifying all your changes.

Very truly yours,

HOMESTEAD RESORT PROPERTIES, LLC I



Victor W. Trygstad
President

VWT:nj