

JEFFERSON COUNTY, TEXAS PURCHASING DEPARTMENT

1149 Pearl Street – First Floor Beaumont, Texas 77701 409-835-8593

ADDENDUM TO RFP

	RFP Number:	RFP 16-011/JW
	RFP Title:	Management of the Ford Park Entertainment Complex for Jefferson County
	RFP Due:	11:00 am CDT, Tuesday, June 28, 2016
	Addendum No.:	1
	Issued (Date):	June 22, 2016
proposal all adde be evide already addendu	Is to have been profested. For purposes enced by returning been received by	the subject matter herein identified. Jefferson County deems all sealed fered in recognition and consideration of the entire RFP package – including of clarification, receipt of this present Addendum by an Offeror should g it (signed) as part of the Offeror's sealed proposal. If the Proposal has the Jefferson County Purchasing Department, Offeror should return this led envelope, clearly marked with the RFP Title, RFP Number, and Opening pove.
	for Issuance of 6-011/JW)	this addendum: Clarifications and Additional Information for
		I herein is hereby incorporated into the documents of this present Bid y conflicting documents or portion thereof previously issued.
Receipt	of this Addendum	is hereby acknowledged by the undersigned Offeror:
ATTEST	Γ:	Authorized Signature (Offeror)
Witness		Title of Person Signing Above
Witness		Typed Name of Business or Individual
Approve	d by Date:	Address

RFP 16-011/JW

Management of the Ford Park Entertainment Complex for Jefferson County Addendum 1

Question 1: Will the resulting management agreement from this RFP be required to comply with IRS Revenue Procedure 97-13?

Answer: Yes.

Question 2: Is the County able to provide a copy of the long-term capital plan for the Complex?

Answer: This information is unavailable.

Question 3: Section 4.9 of the RFP references the Complex Marketing Plan. The marketing budget was provided, however is a copy of the Current Marketing Plan (submitted by SMG to the County) available?

Answer: This information is unavailable.

Question 4: Is the County able to provide copies of the last 2-3 years of Detailed Financial Statements issued by SMG to the County (In addition to the Audited Financial Statements included in the RFP)?

<u>Answer</u>: The County has provided Detailed Financial Statements for the past two years. Please see the following link:

http://www.co.jefferson.tx.us/Purchasing/main.htm

Then Select "Notice for Bids", Then Click on Ford Park Financials (Posted Above Bid Listing)

<u>Question 5</u>: Is the County able to provide a copy of the Current Fiscal Year Operating Budget with Year-End Forecast?

Answer: This information is unavailable.

Question 6: Is the County able to provide details of the type of events and associated attendance for FY2014 and FY2015, broken down by the Complex's facilities?

Answer: Available Information is provided in Appendix D of the RFP Specifications.

Question 7: Does the Complex have any Venue Advertising Exclusivities?

Answer: Yes, with Ford and Pepsi.

Question 8: Is the County able to provide Sponsorship and Premium Seating Sales Total for the last two years?

Answer: Please refer to the link provided in Question 4 for available information.

Question 9: Is the County able to provide a breakdown of Premium Seating Sales by Suites, Club Seats, Individual Suite Rentals, etc.?

Answer: Please refer to the link provided in Question 4 for available information.

Question 10: Within the Complex, how many Suites, Clubs, and Other Premium Seats are there currently?

Answer: Please refer to the link provided in Question 4 for available information.

<u>Question 11</u>: Is the County able to provide a list of all Commercial Rights Contracts (i.e. Advertising Signage, Pouring Rights, Sponsorships, Suites, Club Seats, and Other Premium Seating), including Annual Fees. Entitlements, and Terms?

Answer: This information is unavailable.

Question 12: With the current contract's expiration date being March 31, 2017, when would the current management provider (SMG) be notified of contract termination, should a contract be awarded to another management provider?

Answer: Should a new management provider be awarded the contract, the current provider (SMG) must be notified of contract termination by October 1, 2016.

Question 13: Should the contract be awarded to a management provider other the current provider (SMG), when would the new contract become effective?

Answer: A new contract with a new provider would become effective April 1, 2017.

Question 14: Is the County able to provide the following agreements (if applicable)?

Ticketmaster Agreement:

Answer: This agreement is not available.

Long-term Users of Ford Fields (Tournaments, Team Activities, etc.)

Answer: This information is unavailable.

Southeast Texas State Fair (Young Men's Business League)

Answer: Please See Attached Agreement.

Other Contracts (i.e. Parking Services, Security, Cleaning, etc.)

Answer: Baseball/Softball Academy – Please See Attached Agreement.

Golden Triangle Sports Academy – Please See <u>Attached</u> Agreement.

<u>Question 15</u>: For FY2015, is the County able to provide the following Ticket Sales Information from Ford Park's Current Ticketmaster System?

Number of Internet Tickets Sold

Answer: This information is unavailable.

Number of Phone Tickets Sold

Answer: This information is unavailable.

Number of Box Office Tickets Sold

Answer: This information is unavailable.

Number of Outlet tickets Sold

Answer: This information is unavailable.

<u>Question 16</u>: Is the County able to confirm the Current Ticketing Hardware Owned and Operated by Ticketmaster at the Complex?

Answer: Yes. Please see information below.

Number of Access Control Handheld Scanners

Answer: 20.

Number of Thermal Ticket Printers

Answer: 12.

Number of Thin Clients/PC's

Answer: 13.

Number of Credit Card Swipes

Answer: 12. (Located on Keyboards at Seller Terminals)

Number of Wireless Access Points

Answer: 5. (3 Located within the Area, 4 Located at the Pavillion)

Question 17: Is the County able to provide a detailed breakdown of the profit/loss statement for the Food and Beverage Department for FY2014 and FY2015?

Answer: Please refer to the link provided in Question 4 for available information.

Question 18: Is the County able to provide a list of all Food Subcontractors and a Copy of their agreement, as applicable?

Answer: This information is unavailable.

Question 19: Is the County able to provide a list of all Food and Beverage Related Equipment?

<u>Answer</u>: Please see <u>Attached</u> Inventory List of Food and Beverage Equipment with a value of \$10,000.00 or more.

Question 20: Does all Food and Beverage Related Equipment remain property of the County?

Answer: Yes. This equipment is County-Owned.

Question 21: What party holds the current Alcohol/Liquor License?

Answer: SMG.

Question 22: In the event of a management change, what is the anticipated disposition of the Alcohol/Liquor License?

Answer: As governed per Texas Laws regarding Alcohol/Liquor Licensing.

Question 23: Is the County able to confirm if any of the current Ford Park Senior Management employees, including the General Manager are bound by Non-Compete Agreements with SMG?

Answer: This information is unavailable.

20

YMBL AGREEMENT

(RFP 16-011/JW) Addendum 1 - Attachment





CG. ONB Initial Initial

COMMERCIAL LEASE

		AGENDA ITEM NO
STATE OF TEXAS	§	
	<i>§</i>	
COUNTY OF JEFFERSON	§	

This Lease is entered into between Jefferson County, Texas, a political subdivision of the State of Texas, (COUNTY), and The Young Men's Business League of Beaumont, Texas, Inc, ("YMBL")

In consideration of the mutual covenants and agreements of this lease, and other good and valuable consideration, COUNTY demises and leases to YMBL, and YMBL leases from COUNTY, the premises situated on that certain tract or parcel of land, together with all of the buildings and other improvements described in Exhibit "A" attached to this lease and made a part of this lease for all purposes, located in Beaumont, Jefferson County, Texas, and locally known as the Southeast Texas Entertainment Complex

ARTICLE I.

TERM

Term of Lease

between the 20th day of September and the 10th day of November each year for 37 years, beginning on January 1, 2003, and ending on December 31, 2039, unless terminated sooner as provided in this lease YMBL shall notify COUNTY of the beginning and ending dates of the running of the South Texas State Fair as soon as the dates thereof for each year have been established by YMBL, but in no event later than twelve (12) months prior to the next year's South Texas State Fair

Option to Extend Term

- 1 02 YMBL may extend the term of this lease beyond the expiration date provided in § 1 01 on the following conditions
- a YMBL is hereby granted the option to renew and extend this lease for an additional term agreeable by both parties following expiration hereof upon the terms and conditions herein established. The extended term will begin on the day upon which the South Texas State Fair commences during the year, 2040

b YMBL may exercise the option to extend this lease by giving COUNTY notice of its intention to do so not later than 6 months before the primary lease term expires. Notice of intention to exercise the option under this lease must, to be effective, be delivered to COUNTY as provided in § 9.01 no later than the latest date provided in this section for YMBL's exercising the option

Holdover

103 If YMBL holds over and continues in possession of the Premises after the lease term (or any extension of it) expires, other than as provided in § 102, YMBL will be considered to occupy the Premises on a month-to-month tenancy, subject to all the terms of this lease

ARTICLE II.

RENT

Minimum Rent

201 YMBL will pay rent, for the use of Premises, each year the greater of the minimum sum of \$25,000 00, or fifty percent (50%) of the net revenue of the South Texas State Fair, over and above the sum of \$550,491 00, which represents the largest net revenue from the South Texas State Fair before the execution of this contract. In other words, YMBL will pay to COUNTY one half of the South Texas State Fair's net revenues above the sum of \$550,491 00, but not less than a minimum rent amount of \$25,000 00, and not more than a maximum rent amount of \$150,000 00. Such maximum rent amount will be increased each year, following the first year of this contract, by adding to the maximum rent amount of \$150,000 00, an amount of money equal to the percentage increase in the published consumer price index, for all urban consumers (CPI-U), of the index in the base year, the base year being the first year the South Texas State Fair is held on COUNTY's property under this contract, not to exceed an increase of three percent (3%) in any given year

- BASE Year= 2004
- a The minimum rent amount of \$25,000 will be due and payable on November 15th immediately following each South Texas State Fair Payment of any remaining rent hereunder will be due and payable on March 15th immediately following each South Texas State Fair
- b YMBL will receive dollar-to-dollar rent credit for all additional real property acquired by YMBL for COUNTY at any future date by agreement of both parties hereto

Statement of Gross Receipts

- 202 On or before the date set for paying the remaining rent in § 201, YMBL shall furnish to COUNTY a true and accurate statement, showing YMBL's net receipts from the preceding South Texas State Fair
- 203 COUNTY and its authorized representatives may examine the records of YMBL concerning YMBL's income from the South Texas State Fair midway rides, midway shows and parking at the YMBL's principal office during YMBL's regular business hours COUNTY will bear its own examination costs
- 2 04 YMBL and its authorized representatives may examine the records of COUNTY concerning COUNTY's income from activities on the Premises during the South Texas State Fair, during regular business hours at YMBL's own cost

ARTICLE III. USE OF PREMISES

Permitted Use

3 01 YMBL may use the premises during the term of this lease and the dates specified in § 1 01 above for the purpose of conducting the South Texas State Fair Should YMBL fail to conduct the South Texas State Fair in any one year, COUNTY shall have the option, but not the duty, to cancel this Lease, upon giving to YMBL 180 days written notice YMBL shall have the right to terminate this lease upon the giving of 180 days written notice to COUNTY. In the initial year of this lease, YMBL shall not be subject to cancellation if YMBL is prevented from presenting the South Texas State Fair on the Premises by reason of delay in construction or making the Premises ready for operation of the South Texas State Fair

Compliance With Laws

3 02 YMBL may not use or permit use of the Premises in any manner that results in waste of the Premises or constitutes a nuisance, or for any illegal purpose YMBL, at its own expense, will comply, and will cause its officers, employees, agents, and invitees to comply, with all applicable laws, ordinances, and governmental rules and regulations concerning its use of the Premises



- 3 03 YMBL reserves the right to enter into agreements with sponsors, contractors and vendors for the performance of services, such as for, but not limited to maintenance, waste removal, security and police protection, decorating and sponsorships
- Southeast Texas Entertainment Complex for parking during the days the South Texas State Fair is open to the public and to charge for the use of same YMBL will provide all traffic control in the immediate vicinity of the fairgrounds up to and including the park entrance gates. COUNTY will make available to YMBL for the duration of the South Texas State Fair a minimum of 6,000 parking spaces. COUNTY agrees to include in its contract with the party which will operate the R.V. Park on the premises, an agreement that the R.V. Park will set aside and guarantee to YMBL a minimum of 150 R.V. parking spaces for use by YMBL and its contractors and vendors beginning one week prior to the start of the South Texas State Fair and continuing until one week after the South Texas State Fair's close. YMBL must notify the contractor that operates the R.V. Park of the number of parking spaces needed for the YMBL at least six (6) months before the start of the South Texas State Fair
- and conduct all concessions operated on the Premises during the South Texas State Fair This includes the exclusive right to sell all drinks, foods, souvenirs, clothing items and the like, and to collect the revenues from the sales thereof However, if COUNTY requests of YMBL leave to conduct concessions sales and YMBL approves and allows COUNTY, or its contract concessionaire, to conduct concessions sales on the premises during the South Texas State Fair, COUNTY's net revenues from concession sales will be paid to YMBL then added to the YMBL South Texas State Fair's net revenues and divided between COUNTY and YMBL in accordance with the formula set out in § 201 COUNTY's net revenues from activities in the Arena and Amphitheater will be treated in the same manner as concession sales revenues and be paid to YMBL then added to the total of YMBL South Texas State Fair's net revenues for division between YMBL and COUNTY
- 3 06 YMBL shall furnish all security and police protection within the Premises as deemed necessary by YMBL. It is understood by the parties hereto that it is in the best interest of the YMBL to provide adequate security and police protection during the time of the South Texas State Fair





3 07 COUNTY will work with YMBL to design and construct an office building and a storage building at the Southeast Texas Entertainment Complex for use by YMBL as its principal office, meeting space and storage facility comparable to YMBL's current facilities in Beaumont's Fair Park. YMBL and its members will have unlimited access to the Premises and will have exclusive right to occupy and use the buildings year-round during the term of this agreement, including placement of exterior signage on the office building identifying it as the YMBL building YMBL's use of said buildings will be governed by a separate lease agreement between YMBL and the COUNTY The term of said lease will be for 37 years

ARTICLE IV.

NONCOMPETITION

Noncompetition by COUNTY

401 During the lease term (including any extension and for 90 days before the beginning of each year's South Texas State Fair), as long as YMBL complies with this lease, COUNTY may not permit the Premises or any other property it owns or controls and located within Jefferson County, Texas, to be used for operating any business substantially the same as the business YMBL operates on the Premises, namely any fair, carnival or exposition, unless it is conducted with the express agreement of YMBL

ARTICLE V.

MAINTENANCE AND SURRENDER

Maintenance by COUNTY

- 501 COUNTY will, at its own expense and risk, maintain all of the buildings, arenas, common areas, exposition halls, roofs, foundations, plumbing, heating, electrical and airconditioning systems, fire-protection sprinkling systems, structural soundness of walls, parking lots; walkways surrounding the buildings, stairways and elevators, including but not limited to repairs and all necessary replacements of these items
- 502 If approved by COUNTY prior to being incurred, YMBL may deduct from the next rental installment any reasonable costs it incurs in improving, maintaining and repairing the Premises and such expenses shall in part satisfy YMBL's obligation under § 201 hereof and is not in addition thereto

ARTICLE VI. ALTERATIONS, ADDITIONS, AND IMPROVEMENTS

additions or improvements to the premises incident to or necessary to conduct the South Texas State Fair Alterations, additions or improvements of a permanent nature will be performed or supervised by COUNTY YMBL may also submit to COUNTY proposals for temporary non-structural alterations, additions or improvements. After approval by COUNTY, which shall not be unreasonably withheld, YMBL may, at its sole expense, erect temporary non-structural alterations, additions or improvements, all of which shall be dismantled and removed by YMBL, such that the premises are surrendered to COUNTY at the conclusion of each year's South Texas State Fair in substantially the same condition they were in at the commencement of that year's occupancy of the Premises by YMBL, normal wear and tear excepted YMBL is granted the right to enter upon the Southeast Texas Entertainment Complex during each year of the lease to perform maintenance, improvements and repairs so long as the Complex is not actually being used for other activities by COUNTY

ARTICLE VII.

SIGNS

Signs

701 YMBL may erect temporary, removable signs and banners on any portion of the Premises during the South Texas State Fair, including but not limited to the exterior walls, subject to applicable statutes, ordinances, and zoning restrictions COUNTY will erect a permanent, prominent sign to designate the Premises as the home of the YMBL South Texas State Fair or the YMBL South Texas State Fairgrounds

ARTICLE VIII. INSURANCE

Liability Insurance

801 YMBL shall, at its sole expense, provide and maintain in force during the lease term liability insurance in the amount of one million dollars (\$1,000,000). The policy must cover COUNTY (but only as a result of owning the Premises) as well as YMBL and must be with one or more insurance companies authorized or admitted to transact business in Texas

ARTICLE IX.

MISCELLANEOUS

Notices and Addresses

901 All notices required under this lease may be given by the following methods

a By first class mail, addressed to the proper party, at the following addresses

COUNTY

The County Commissioners Court of

Jefferson County, Texas

Jefferson County Courthouse

Post Office Box 4025

Beaumont, Texas 77701

YMBL

The Young Men's Business League

of Beaumont, Texas, Inc

Post Office Box 3207

Beaumont, Texas 77704

a By fax transmission, to the proper party, at the following fax numbers

COUNTY

(409) 839-2311

YMBL

(409) 838-0402

Notices are effective when received Either party may change the address or fax number to which notices are to be sent by sending written notice of the new address or number to the other party in accordance with the provisions of this section

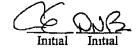
Parties Bound

9 02 This agreement binds, and inures to the benefit of, the parties to this lease and their respective legal representatives, successors, and assigns when this agreement permits

Texas Law to Apply

9 03 This agreement is to be construed under Texas law, and all obligations of the parties created by this lease are performable in Jefferson County, Texas





Legal Construction

9.04 If any one or more of the provisions in this agreement are for any reason held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability will not affect any other provision of the agreement, which will be construed as if it had not included the invalid, illegal, or unenforceable provision

Prior Agreements Superseded

9 05 This agreement constitutes the sole agreement of the parties and supercedes any prior understandings or written or oral agreements between the parties with respect to the subject matter

Amendment

9 06 No amendment, modification, or alteration of this agreement is binding unless in writing, dated subsequent to the date of this agreement, and duly executed by the parties

Rights and Remedies Cumulative

907 The rights and remedies provided by this lease are cumulative, and the use by either party of any right or remedy will not preclude or waive its right to use any other remedy These rights and remedies are in addition to any other rights the parties may have by law, statute, ordinance, or otherwise

Attorney's Fees and Costs

908 If, as a result of either party's breaching this agreement, the other party employs an attorney to enforce its rights under this lease, the breaching or defaulting party will pay the other party the reasonable attorney's fees and costs incurred to enforce the lease

Force Majeure

909 Neither COUNTY nor YMBL is required to perform any term or covenant in this lease as long as performance is delayed or prevented by force majeure, which includes act of God, strikes, lockouts, material or labor restrictions by any governmental authority, civil riots, floods, and any other cause not reasonably within COUNTY's or YMBL's control and that COUNTY or YMBL, by exercising due diligence and by paying money, cannot prevent or overcome, in whole or part

Time of Essence

910 Time is of the essence of this agreement The undersigned authoriz	zed
representatives of COUNTY and YMBL execute this agreement on the day	of
(1) Aust, DOSI, at Beaumont, Jefferson County, Texas	
JEFFERSON GOUNTY, TEXAS	
Jefferson County Judge	

ARTEST,

By Scholy Walker

1. County Clerk

THE YOUNG MEN'S BUSINESS LEAGUE OF BEAUMONT, TEXAS, INC

By Oil Some

ATTEST

By Chi Colletti

Secretary

CE OJE

EXHIBIT "A"

The Southeast Texas Entertainment Complex is a 217-acre multifaceted regional entertainment facility intended to bring diverse family-oriented entertainment opportunities to the citizens of Southeast Texas. The facility is located just inside the Beaumont city limits on the south side of Interstate 10 at its intersection with Farm-to-Market Road 364 (Major Drive).

- 1. For purposes of the commercial lease between YMBL and COUNTY, the "Premises" shall include:
 - a Midway and Fairgrounds: A 9.2-acre midway with in-ground electrical and plumbing facilities installed An 9-acre multi-purpose fairgrounds containing a large main entrance off Interstate 10 with secondary entrances off Major Drive and Highway 124, well lighted drop-off/pick-up area where traffic does not enter the fairgrounds, parking lots, etc., grass and sidewalk area, multiple permanent toilet facilities, permanent concessions with direct access to the Amphitheater, Exhibit Hall and Barns. Also, access to the Infirmary, security offices and main offices in the Arena. Fairgrounds has 220 vendor/service parking area, 12,000 square feet storage building with drive-thru access.
 - b Show Barns: Three buildings with a total of 96,600 square feet of barn area. Show barn large enough to set up temporary 100' X 200'show arena with announcer platform and seating for approximately 1000 people. Each barn contains three wash racks, office space for check-in and storage, men and women's toilet facilities, 10' long countertop with hand sink and 20' deep concrete vehicle skirt at each end. Vehicle access on all 4 sides of each barn including a 700-space parking lot located directly to the east including 120-45' long pull-thru spaces and 35-65' long pull-thru truck spaces.
 - c. Enclosed Barn: A 20,000 square foot enclosed barn with loading dock, adjacent to arena
 - d. Exhibition Hall: A two-story 48,600 square foot exhibition hall with varying ceiling heights of 24 27ft Including 11,600 square feet of meeting space in 9 meeting rooms, full service business center, commercial kitchens, concession stands, toilet rooms and an administrative office suite. 11,400 square feet of lobby/pre-function space A 40-foot wide connection between Exhibition Hall and Arena floor.
 - e. **Public Park:** Approximately 35 acres of public park space to include 22 picnic shelters of various sizes, a one-mile jogging trail, playground, water feature with pier and bridge, connecting with direct access to other facilities in the complex
 - h. Parking Areas: All improved and unimproved areas deemed as parking spaces located throughout the 221 163 acre complex with controlled access and easy-in and easy-out drives



- i. Amphitheater Plaza: Plaza contains 70 permanent men's water closets, 88 permanent women's water closets and designated area for portable water closets; 4 permanent concession buildings and designated areas for portable concessions.
- 2. The following components of the facility are **not included** in the definition of "Premises" but are subject to the use provision of Section 4 below. These components are also subject to provisions 2.04 and 3 05 contained in the Commercial Lease
 - A Recreational Vehicle Park: A 180-space recreational vehicle park developed on the complex by a RV park operator including pull-through spaces to accommodate buses and large RV's, meeting space and other amenities, with access to the park space.
 - B Regional Visitors Center: A 12,000 square foot visitor's center building with parking adjacent to the interstate containing interactive information displays on recreational opportunities in the region.
 - C. Arena: An Arena providing fixed seating for 6,500 spectators for Rodeo, Bull Riding and Horse show events. Fixed and moveable seating for 7,500 spectators for ice hockey, ice capades, circus events, etc
 - D. Amphitheater: A 15,000 seat Amphitheater with 6,200 fixed covered seats and 8,800 hillside (ground) seating The stage will accommodate all size acts. Service via eight-bay truck dock, six dressing rooms, kitchen/eating facilities for workers; private VIP club, box seating and corporate tent with permanent toilet facilities Parking for 6 tour buses, 2-limo parking spaces and 6 assistant parking spaces in fenced area Administrative/ticket office that breaks off leading into 2 plazas.
 - E Softball Complex: Twelve (12) 200' fence line, fast-pitch softball fields with built-in concession/toilet buildings covered bleacher areas and dugouts.
- 3. The Premises will be constructed by COUNTY with advice and consent of YMBL as to the layout, quality of construction, configuration and appearance of the premises especially as to the midway, arena, show barns, fairgrounds and the common areas adjacent to them. The parties hereto understand and agree that cooperation between COUNTY and YMBL in the construction of these facilities is crucial to YMBL's presentation of the South Texas State Fair. The failure of the parties hereto to agree upon the construction of the above-described facilities on the Premises will constitute grounds for recission and cancellation of this agreement by YMBL
- 4. During each South Texas State Fair, YMBL will have the exclusive right to determine whether COUNTY or any of its contractors may use the Amphitheater and Arena for any purpose including the presentation of shows or exhibitions of any sort, except that COUNTY retains the right to permit the use of the Arena for ice hockey practice sessions. COUNTY and its ice hockey contractor will consult with YMBL each year as to the possibility of scheduling ice hockey games, which could take place during the South Texas State Fair, if any.

PATRICK SWAIN COUNTY AUDITOR (409) 835-8500



SETEC

Contracts - YMBL

1149 PEARL ST. - 7TH FLOOR

BEAUMONT, TEXAS 77701

Contracts - YMBL

Contract

May 11, 2001

Judge Carl Griffith Courthouse Delivery

Dear Judge,

On May 10, 2001, Keith Hawkes and I met with Chris Colletti, David Barris, and Paul Helegda of the YMBL in order to examine the financial statements of the YMBL. This examination was done for the purpose of verifying the stipulated sum of \$550,491. The sum of \$550,491 represents the largest net revenue from the South Texas State Fair according to the proposed contract. We were provided with an excerpt from the proposed contract documenting the language of Article II "Rent", pages 16-17 of the YMBL's audited financial statement, and a statement documenting the "Fairground Improvements Expenditure Schedule". We combined the "excess of revenues over expenses" of \$681,820 from page 17 less the \$131,328.73 from the "Fairground Improvements Expenditure Schedule" to arrive at the sum of \$550,491. This limited procedure examination was done per verbal agreement between yourself and Mr. Colletti, to verify the \$550,491. No other examination steps were performed.

Sincerely,

Patrick Swain County Auditor

cc: Chris Colletti



J.E. "Jed" Dollinger, CPA Harold C. Graves, CPA J. Pat O'Neill, III, CPA

Gary Rothenberger, Jr., CPA Leonard N. Juncker, CPA Lauren G. Brooks, CPA

January 23, 2001

INDEPENDENT AUDITORS' REPORT

To The Board Of Directors Young Men's Business League of Beaumont, Texas, Inc. Beaumont, Texas

We have audited the accompanying statements of financial position of Young Men's Business League of Beaumont, Texas, Inc., (YMBL) as of December 31, 2000 and 1999, and the related statements of activities, and cash flows for the years then ended. These financial statements are the responsibility of the YMBL's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Young Men's Business League of Beaumont, Texas, Inc., as of December 31, 2000 and 1999, and the changes in its net assets and its cash flows for the years then ended in conformity with generally accepted accounting principles.

Wathen De Shone & Juncker, L.L.P.

Certified Public Accountants

b. YMBL may exercise the option to extend this lease by giving COUNTY notice of its intention to do so not later than 6 months before the primary lease term expires. Notice of intention to exercise the option under this lease must, to be effective, be delivered to COUNTY as provided in § 9.01 no later than the latest date provided in this section for YMBL's exercising the option.

Holdover

1.03 If YMBL holds over and continues in possession of the Premises after the lease term (or any extension of it) expires; other than as provided in § 1.02, YMBL will be considered to occupy the Premises on a month-to-month tenancy, subject to all the terms of this lease.

ARTICLE II.

RENT

Minimum Rent

- 2.01 YMBL will pay rent, for the use of Premises, each year the greater of the minimum sum of \$25,000.00, or fifty percent (50%) of the net revenue of the South Texas State Fair, over and above the sum of \$550,491, which represents the largest net revenue from the South Texas State Fair before the execution of this contract. In other words, YMBL will pay to COUNTY one half of the South Texas State Fair's net revenues above the sum of \$550,491.00, but not less than a minimum rent amount of \$25,000.00, and not more than a maximum rent amount of \$150,000.00. Such maximum rent amount will be increased each year, following the first year of this contract, by adding to the maximum rent amount of \$150,000.00, an amount of money equal to the percentage increase in the published consumer price index of the index in the base year, the base year being the first year the South Texas State Fair is held on COUNTY's property under this contract, not to exceed an increase of three percent (3%) in any given year.
- a. The minimum rent amount of \$25,000 will be due and payable on November 15th immediately following each South Texas State Fair. Payment of any remaining rent hereunder will be due and payable on March 15th immediately following each South Texas State Fair.
- b. YMBL will receive dollar-to-dollar rent credit for all additional real property acquired by YMBL for COUNTY at any future date by agreement of both parties hereto.

Statement of Gross Receipts

2.02 On or before the date set for paying the remaining rent in § 2.01, YMBL shall furnish to COUNTY a true and accurate statement, showing YMBL's net receipts from the preceding South Texas State Fair.

ONG MEN'S BUSINESS LEADE OF BEAUMONT, TEXAS, INC.

COMPARISON OF REVENUES AND EXPENSES TO BUDGET OF THE SOUTH TEXAS STATE FAIR FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000		1999		
	Actual	Budget	Actual	Budget	
REVENUES					
Admissions	\$ 440,394	\$ 474,100	\$ 459,085	\$ 481,800	
Hames - rides, shows, contribution	430,930	424,500	446,177	414,200	
Exhibits and concessions	247,372	254,180	233,886	252,405	
Livestock and poultry shows	19,736	18,300	22,236	17,900	
Miscellaneous	5,807	3,400	3,264	300	
Sponsors	85,961	90,000	63,900	71,000	
	1,230,200	1,264,480	1,228,548	1,237,605	
XPENSES					
Administrative					
Sales tax	4,614	4,600	4,586	5,400	
Advertising	36,825	50,000	44,463	50,000	
Carts	1,804	2,000	1,923	2,000	
Catalogs	4,852	4,725	4,380	4,725	
Committee expense	21,773	18,000	18,101	18,000	
Committee trailers	11,389	11,375	11,939	11,325	
Computer expense	· -	500	2,090	, _	
Donations/Special Gifts	6,500	6,500	6,500	100	
Drapes	13,599	13,500	10,765	13,500	
Dumpsters	6,215	5,000	5,288	4,800	
General expense	12,586	17,700	14,521	12,300	
Insurance expense	19,788	20,000	19,120	15,000	
Ladies' night	13,722	15,250	14,004	13,750	
Maintenance crews	47,243	48,000	50,104	48,000	
Maintenance	· •	10,000	-	10,000	
Meals	5,484	5,250	4,688	4,100	
Office	7,098	6,900	6,139	7,410	
Parking	14,189	12,000	11,291	12,000	
Patio and opening ceremony	41,204	53,475	50,748	48,775	
President's party	4,489	4,100	3,775	3,675	
Public relations	975	1,200	1,095	700	
Security - firemen	5,090	5,200	4,928	5,800	
Security	104,802	110,000	108,245	110,000	
Special days'	297	3,275	2,976	3,300	
Sponsors	5,453	200	500	200	
Travel and meetings	45,451	54,600	47,204	56,198	
Utilities	16,495	14,000	12,979	21,000	
Workers' expense	4,378	300		,	
Workers' trailers	6,048	4,940	5,028	4,950	
	462,363	502,590	467,380	487,008	

OF BEAUMONT, TEXAS, INC.

COMPARISON OF REVENUES AND EXPENSES TO BUDGET OF THE SOUTH TEXAS STATE FAIR FOR THE YEARS ENDED DECEMBER 31, 2000 AND 1999

	2000				1999			
		Actual		Budget		Actual		Budget
EXPENSES (CONTINUED)	·							
Personnel division								
Personnel refreshments	\$	2,853	\$	3,200	\$	3,369	\$	2,800
General		6,071		3,525		2,570		5,325
Meetings		1,291		1,375		1,368		725
Personnel carts		4,492		4,200		4,037		4,200
Office	<u></u>	638		600		422		550
		15,345		12,900		11,766		13,600
Exhibits and concessions								
Meetings		307		700		676		1,000
General		1,857		2,525		2,235		3,075
Revenue division/office		218		600		556		850
Carts		594		400		385		400
Health permits		2,200		2,400		2,200		2,400
Insurance		9,500		10,000	•	10,235		8,225
Refreshments		1,193		1,500		1,315		1,300
Photo contest		450		450		450		800
		16,319		18,575		18,052		18,050
Livestock and poultry								
Meetings		864		1,200		1,072		1,200
General		3,200		3,545		3,668		3,445
Refreshments		3,461		3,000		3,549		2,800
Office		2,450		2,000		1,984		2,000
Animal shows		29,078	·	36,900		34,768		35,800
Carts		1,122		600		579		800
Tools		2,095		600		938		575
Labor-barn		7,910		8,800		8,838		8,400
Children's barnyard		4,173	-	5,050		6,256		6,000
		54,353		61,695		61,652		61,020
Total expenses		548,380		595,760		558,850		579,678
EXCESS OF REVENUES OVER								
EXPENSES		681,820	\$	668,720	\$	669,698	\$	657,927

YOUNG MEN'S BUSINESS LEAGUE

FAIRGROUND IMPROVEMENTS

EXPENDITURE SCHEDULE

YEAR	AMOUNT SPENT	REQUIRED BY CONTRACT	CREDIT TO FUTURE	CARRYOVER FROM PREVIOUS YEAR	TOTAL CARRYOVER
1993	\$258,067.08	\$173,822.74	\$84,244.34	\$131,876.00	\$216,120.34
1994	\$52,869.63	\$156,876.22	(\$104,006.59)	\$216,120.34	\$112,113.75
1995	\$321,592.00	\$123,161.85	\$198,430.15	\$112,113.75	\$310,543.90
1996	\$212,840.66	\$189,617.85	\$23,222.81	\$310,543.90	\$333,766.71
1997	\$111,006.26	\$174,138.85	(\$63,132.59)	\$333,766.71	\$270,634.12
1998	\$116,034.99	\$180,126.54	(\$64,091.55)	\$270,634.12	\$206,542.57
1999	\$19,496.47	\$124,375.28	(\$104,878.81)	\$206,542.57	\$101,663.76
2000	\$29,724.78	\$136,722.04	(\$106,997.26)	\$101,663.76	(\$5,333.50)
2001		\$131,328.73			

CITY OF BEAUMONT CONTRACT REQUIREMENT

CALCULATION SCHEDULE

		REQUIRED %	REQUIRED BY CONTRACT
YEAR	REVENUE FROM RIDES & SHOWS	X 45%	FOR FOLLOWING YEAR
1992	\$386,272.75	45%	\$173,822.74
1993	\$348,613.82	45%	\$156,876.22
1994	\$273,693.00	45%	\$123,161.85
1995	\$421,373.00	45%	\$189,617.85
1996	\$386,975.23	45%	\$174,138.85
1997	\$400,281.20	45%	\$180,126.54
1998	\$276,389.50	45%	\$124,375.28
1999	\$303,826.75	45%	\$136,722.04
2000	\$291,841.63	45%	\$131,328.73
2001			



TOM MANESS

ED SHETTLEFirst Assistant
Criminal Division

CRIMINAL DISTRICT ATTORNEY
Jefferson County Courthouse
1001 Pearl Street-3rd Floor
Beaumont, Texas 77701-3545
(409) 835-8550
FAX: (409) 835-8573

May 1, 2003

Hon. Carl R. Griffith Jefferson County Judge (Courthouse Mail)

Commissioner Jimmie Cokinos Precinct One (Courthouse Mail)

Commissioner Mark Domingue Precinct Two 7759 Viterbo Road, Suite One Beaumont, Texas 77705

Re: YMBL Lease

Southeast Texas Entertainment Complex

Gentlemen:

At the request of Judge Griffith we have reviewed the lease agreement between Jefferson County and the Young Men's Business League of Beaumont, Texas, Inc., (YMBL). This lease was approved and executed on August 6, 2001. We are reviewing a certified copy of the lease procured from the County Clerk on April 17, 2002. Prior to this time this office was not involved in the negotiations or preparation of this instrument.

At the outset we observe that it is tempting and often not difficult to criticize the work of others particularly after the development of events that could not have been known at the inception of the relationship. There are several aspects of this lease that we would have preferred to have been drafted with much more precision. There are at least two areas of the lease that are troublesome and bear on the nature of what is planned to be a long-term relationship.

TOM RUGG

First Assistant Civil Division

Commissioner Everette D. Alfred Precinct Four (Courthouse Mail)

Commissioner Waymon Hallmark Precinct Three 525 Lakeshore Drive Port Arthur, Texas 77640 The cardinal rule in the construction of a written contract is to determine and give effect, wherever possible, to the true intent of the parties. *Coker v. Coker*, 650 S.W.2d 391 (Tex. 1983). The intent of the parties is discovered primarily by reference to the written words of the lease. *Preston Ridge Financial Services v. Tyler*, 796 S.W.2d 772 (Tex.App. –Dallas, 1990 writ ref'd. n.r.e). No single provision taken alone will be given controlling effect; rather all provisions must be considered with reference to the whole instrument. *Coker* at 393. Whether a contract is ambiguous is a question of law and courts will look at the contract as a whole in light of the circumstances existing at the time of its execution to determine if a contract is ambiguous. *R & P Enterprises v. LaGuarta*, 596 S.W.2d 517 (Tex.Sup. 1980).

The Lease Term

This lease was to begin on January 1, 2003 and let the premises¹ for annual, intermittent terms of 30 consecutive days between September 20th and November 10th. YMBL is obligated to notify the county not later that 12 months prior to the next years fair of the "beginning and ending dates of the running of the South Texas State Fair". Paragraph 1.01. Our experience has been that the South Texas State Fair runs for a period of time considerably less than 30 days and it is not known (and cannot be determined from the lease) the actual beginning and ending dates of the 30-day period that is to comprise the time of the intermittent term. If this provision were held to be invalid then the lease itself would fail, as there cannot be a lease for an unknown, intermittent term. However, in the construction of ambiguous contract language courts will adopt a construction that will uphold the validity of the agreement if possible. *CMS v. Plumrose USA, Inc.*, 2003 Lexis 2339 (Tex.App. –Ft. Worth). We know that the parties must have contemplated a period of time necessary to prepare for the opening of the fair and a period of time necessary to close and clean the premises after the fair. It is reasonable to assume that the YMBL actually intends to notify the county of the dates of the beginning and ending of the fair as well as designate the beginning and ending dates of occupancy of the premises.

There is one other ambiguity concerning the term of the lease. Paragraph 3.01 provides, among other things, that "In the initial year of this lease, YMBL shall not be subject to cancellation if YMBL is prevented from presenting the South Texas State Fair on the Premises by reason of delay in construction or making the Premises ready for operation of the South Texas State Fair." We will assume, without rendering an opinion, that the 2003 fair has been "prevented" at the Southeast Texas Entertainment Complex by reason of delay in construction. The initial term of the lease is for 37 years beginning in 2003 and ending on 12/31/2039. Neither paragraph 3.01 nor the term provisions in paragraph 1.01 account for the difficulty created by the language above waiving the cancellation clause for the initial year. We cannot tell with any certainty if the parties intended to re-designate the beginning date of the lease to 1/1/2004 or, if not, whether then the obligation to pay rent is enforceable for the 2003 year. If the parties intended to move the beginning date of the lease to 2004 due to

¹ See the "Premises" section, supra.

² We have no idea what the phrase "making the premises ready for operation of the South Texas State Fair" means. Apparently it is something other than "construction" since that is specifically mentioned but this phrase gives no hint to this reader of its probable meaning. Given that the construction apparently will not be timely completed this phrase becomes thankfully moot.

³ We have been notified that the fair will not be held at the entertainment complex in 2003. We heard Monday during Commissioners' Court that the premises needed to be completed by October so that vendors could plan for 2004 since vendors can't plan from a drawing. There is nothing in the lease agreement to account for this YMBL "requirement".

construction delays (thus avoiding the question of 2003 lease payment obligations) then is the initial term to end on 12/31/2039 or to run for 37 years and ending 12/31/2040? For now the question appears to be academic since we consider it probable that no member of this court (and for sure this writer) will be in like positions of responsibility in 37 years. However, if this agreement is to be amended and clarified, and we believe it should be, this is one provision that ought to be addressed.

The Premises

It is not unusual to describe the premises to be demised in exhibit format. The parties chose to do so in this case. See lease exhibit "A". However, in addition to the description of the premises there are substantive terms and conditions of the lease in this exhibit. In at least one area the exhibit and lease conflict, though we suspect that to be the result of a typographical error. Paragraph 3 of the exhibit provides:

"The Premises will be constructed by COUNTY with advice and consent of YMBL as to the layout, quality of construction, configuration and appearance of the premises especially as to the midway, arena, show barns, fairgrounds, and the common areas adjacent to them. . . . The failure of the parties hereto to agree upon the construction of the above-described facilities on the Premises will constitute grounds for recission (sic) and cancellation of this agreement by YMBL."

We are not aware that this provision has been utilized and believe that it has not. In any event it is incumbent on the County to secure the written acquiescence of the YMBL in the present condition of construction and their written approval of any changes in the construction plan that may affect the premises. We also caution that the right to rescission and cancellation is not exclusive and YMBL may possess other remedies at law and in equity should the County be found to be in violation of this provision.

Do we have a deal?

Paragraph 3.01 gives to the YMBL a right to cancel the lease on 180 days written notice to the County. The County does not enjoy a similar right unless the YMBL fails to hold its fair in any year, except 2003. YMBL may already have a right to cancellation and rescission due to the failure of the County to seek the advice and consent of the YMBL during the construction process. This lease continues to be valid, we believe, if the YMBL continues to wish to avail itself of the premises. If not they possess the right to leave without penalty.

There are some other curious provisions in this agreement. For example, paragraph 2.01 (b) provides: "YMBL will receive dollar-to-dollar (sic) rent credit for all additional real property acquired by YMBL for COUNTY at any future date by agreement of both parties hereto". We cannot interpret this provision. Paragraph 3.07 says that the county "will work" with the YMBL to design and construct and office building and storage building at the entertainment complex and makes this subject to a separate lease agreement "for 37 years". We understand that the YMBL may now have other

⁴ The RV area is included in the lease and excluded in the exhibit with a reference to 2.04 of the lease agreement. 2.04 does not deal with parking however 3.04 does. We assume that the reference in the exhibit to 2.04 was intended to be 3.04. ⁵ We do note that the lease does not contain a customary non-waiver of remedy provision so the present existence of the remedy based on past failure may be called into question.

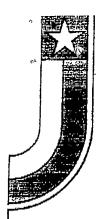
plans but we cannot tell if a failure to follow this provision (whatever that might require) would have a material effect on the remainder of the lease obligations or not. Would the failure to successfully negotiate this separate lease agreement constitute a breach of the fair lease or not? Who would be in breach of the fair lease if the office building, etc., lease could not be successfully negotiated? Can this provision be enforced by specific performance? Against both parties or only one?

It is our recommendation that the County and YMBL meet to resolve the numerous issues concerning this relationship and that an amended agreement be executed reflecting the resolution of this and other matters that might be addressed. The current agreement should be superceded in its entirety as a result of this process.

Sincerely,

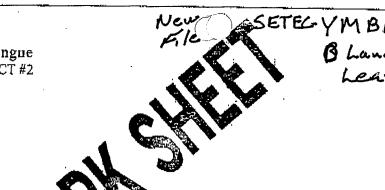
Jom Rugg

Tom Rugg



Jefferson Cor

Commissioner Mark L. Domingue JEFFERSON COUNTY, PRECINCT #2 7759 VITERBO ROAD STE. 1 BEAUMONT, TEXAS 77705 (409) 727-2173 (409) 722-1916 Fax



Sept. 6th, 2002

To: Commissioners Court From: Mark Domingue

Subject: Proposed YMBL lease agreement (request for comments)

Issues regarding County's cost:

- a. County agrees to provide adequate electric lighting to illuminate the YMBL building, parking lots and walkways. What does it cost the taxpayers to provide this lighting (hardware, maintenance, and electricity)?
- b. County will provide for trash and garbage removal from the leased property at least two times per week. Why should the taxpayers provide this service?
- c. The County will pay all ad valorem taxes imposed by any govt. etc. Why should the taxpayers of Jefferson agree to pay these taxes?

The bottom line with me, regarding these and other issues, is the justification for the taxpayers of Jefferson County to enter into an agreement by which the taxpayers will subsidize the operation of the YMBL.



Young Men's Business League
P.O. Box * Beaumont, Texas 77704-3207
(409) * Fax (409) 838-0402

www.ymbl.org

What has your thoughts the

GENERAL DIVISION: South Texas Scate Fair Championship Rodeo Fair Buyers - Auction Rodeo Burbeque Rodeo Youth Day

August 29, 2002

MEMBERSHIF DIVISION: Membership Drive Workers Party Saltwater Fishing Tournament Golf Tournament New Members Welcome

Honorable Carl Griffith County Judge Jefferson County Texas Jefferson County Courthouse 1001 Pearl St. Beaumont, Texas 77701

YOUTH DIVISION:
Babe Zaharias Relays
Volleyball Tournament
South Texas Shookout
Junior Solf Tournament
YMBL Invintional Relays

CIVIC DIVISION:
Ladies Night
Community Activities
VIP/Media Night
YMBL New Projects
Fairground Improvements

Re: Young Men's Business League Office Building at the Jefferson County Entertainment Complex

Dear Judge Griffith:

On behalf of the Young Men's Business League of Beaumont, Texas, Inc., I hereby enclose a proposed form of agreement to govern the use and occupancy of a new office building that is to be constructed and occupied by the Young Men's Business League at the Southeast Texas Entertainment Complex. This proposed agreement has been approved as to form by our board of directors, but has not yet been ratified by the board of directors as would be required for its execution.

This proposed agreement is contingent upon the terms and conditions detailed in our letter to you dated October 7, 1999.

If you have any questions concerning the matters set forth in this contract, we look forward to discussing them with you in the near future.

Yours truly,

Kent Fuller, President

Young Men's Business League

of Beaumont, Texas, Inc.

STATE OF TEXAS

\$07 **\$**

COUNTY OF JEFFERSON

This Lease is entered into between Jefferson County, Texas, a political subdivision of the State of Texas, herein referred to as (COUNTY), and The Young Men's Business League of Beaumont, Texas, Inc., herein referred to as ("YMBL").

In consideration of the mutual covenants and agreements contained herein, the parties agree as follows:

Article L

Leased Property

COUNTY leases to YMBL that certain parcel of real estate, including the building thereon, consisting of approximately 10,000 square feet, which is a part of the Southeast Texas Entertainment Complex, City of Beaumont, Jefferson County, Texas, described as follows:

Article IL

Term

Term of Lease

The initial term of this lease is thirty-seven (37) years, beginning on January 1, 2003, and ending on December 31, 2039.

Option to Extend Term

YMBL is hereby granted an option to renew and extend this lease for an additional term of twenty (20) years under the same terms and conditions. This option shall be exercised by written notice given to the COUNTY at least 90 days prior to the end of the initial thirty-seven (37) year term. YMBL is also granted the option to renew and extend this lease for an additional renewal term of twenty (20) years beyond the first renewal term. YMBL shall have the right to terminate this lease upon the giving of 180 days written notice to COUNTY. Also, YMBL shall have the right to cancel this lease at any time if the Southeast Texas Entertainment Complex should cease all or a substantial part of its operations, or if the Southeast Texas Entertainment Complex is sold or transferred to another entity or party.

Should the Southeast Texas Entertainment Complex cease its operations or clown for any reason, ownership of the building described in Article IV below will reven to and be owned by YMBL. Any transfer of this lease by COUNTY to another party or entity will be subject to and subordinate to all of YMBL's rights hereunder.

Holdover

If YMBL holds over and continues in possession of the Premises after the lease term (or any extension of it) expires, YMBL will be considered to occupy the Premises on a month-to-month tenancy, subject to all the terms of this lease.

Article III.

Rent

The total rent for the initial term of this lease is Fifty-Nine-Thousand-Two-Hundred Dollars (\$59,200.00), which shall be paid in equal annual installments of Sixteen-Hundred Dollars (\$1,600.00) per year for the initial term thirty-seven (37) years of the lease, with each annual lease payment of Sixteen-Hundred dollars (\$1,600.00) being due on or before January 31st of each year.

Article IV.

Building Construction

YMBL will construct a building on the premises suitable for its use as its office building. The building will contain approximately 7,000 square feet. YMBL will have the right to place exterior signage on the office building prominently identifying it as the YMBL building.

YMBL shall have unlimited access to adequate free parking spaces and facilities for use by its staff and its members year round. Such parking facilities will be adjoined to the building to be built as described in this Article.

Additionally, YMBL may, at its option, finish out and use a portion of the premises described in Article I as dedicated parking spaces solely for the YMBL building COUNTY agrees to provide adequate electric lighting to illuminate YMBL's building, the adjacent parking lot and all walkways to YMBL's building.

COUNTY will have the sole responsibility for promptly maintaining and repairing all of the parking facilities and walkways made available to YMBL under this lease for use by its staff and members.

WHY

feet, more or less, for the sole use and occupancy by YMBL for storage of YMBL's equipment and fixtures, which shall be at no extra charge to YMBL.

All utilities connections will be provided by COUNTY to YMBL's building, including connections and meters for gas, water, electricity, telephone and sanitary sewer.

Article V.

Use of Premises

The premises are to be used for the purpose of operating all of YMBL's activities. YMBL and its members shall have unlimited access to the premises and the building and will have exclusive right to occupy and use the building and parking year-round during the term of this agreement. At all times COUNTY will ensure YMBL's right to quiet enjoyment and full use of the lease premises.

COUNTY will provide for trash and garbage removal from the leased premises at least two times per week.

YMBL will pay and discharge, to the extent such are payable by YMBL, all taxes of any kind imposed by any government on YMBL's personal property kept on or about the premises

COUNTY will pay and discharge, to the extent such are payable, all ad valorem taxes imposed on the premises leased hereunder, including the YMBL building, by any government on the real property leased to YMBL under this lease.

Article VI.

Maintenance by YMBL

YMBL will, at all times during the lease and at its own cost and expense, maintain in a good and safe condition the building and any improvements, additions, and alterations thereto, on the demised premises.

Article VII.

INSURANCE

Property and Liability Insurance

YMBL will obtain broad form fire and extended coverage insurance on the building and it's contents with one or more insurance companies authorized or admitted to transact business in Texas.

YMBL will also obtain Public Liability Insurance covering operations hazards with one or more insurance

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companies authorized or adm. In to transact business in Texas with COUN an additional named insured in the sums of One-Million Dollars (\$1,000,000) per individual, Two-Million Dollars (\$2,000,000) per occurrence. A copy of the original policies will be provided to County. All claims for insurance benefits will be paid by the insurer to YMBL for replacement of its property and repair or replacement of the premises.

ARTICLE VIII.

MISCELLANEOUS

Notices and Addresses

All notices required under this lease may be given by the following methods:

By first class mail, addressed to the proper party, at the following addresses:

COUNTY:

The County Commissioners Court of Jefferson County, Texas
Jefferson County Courthouse

Post Office Box 4025
Beaumont, Texas 77701

YMBL:

The Young Men's Business League

of Beaumont, Texas, Inc. Post Office Box 3207 Beaumont, Texas 77704

b. By fax transmission, to the proper party, at the following fax numbers:

COUNTY:

(409) 839-2311

YMBL: (409) 838-0402

Notices are effective when received. Either party may change the address or fax number to which notices are to be sent by sending written notice of the new address or number to the other party in accordance with the provisions of this section.

Parties Bound

This agreement binds, and inures to the benefit of, the parties to this lease and their respective legal representatives, successors, and assigns.

Texas Law to Apply

This agreement is to be construed under Texas law, and all obligations of the parties created by this lease are performable in Jefferson County, Texas.

Legal Construction

If any one or more of the provisions in this agreement are for any reason held by a court of competent jurisdiction to be invalid, illegal, or unenforceable in any respect, the invalidity, illegality, or unenforceability will not affect any other provision of the agreement, which will be construed as if it had not included the invalid, illegal, or unenforceable provision.

Prior Agreements Superseded

This agreement constitutes the sole agreement of the parties and supercedes any prior understandings or written or oral agreements between the parties with respect to the subject matter.

Amendment

No amendment, modification, or alteration of this agreement is binding unless in writing, dated subsequent to the date of this agreement, and duly executed by the parties.

Rights and Remedies Cumulative

The rights and remedies provided by this lease are cumulative, and the use by either party of any right or remedy will not preclude or waive its right to use any other remedy. These rights and remedies are in addition to any other rights the parties may have by law, statute, ordinance, or otherwise.

Attorney's Fees and Costs

If, as a result of either party's breaching this agreement, the other party employs an attorney to enforce its rights under this lease, the breaching or defaulting party will pay the other party the reasonable attorney's fees and costs incurred to enforce the lease.

Force Majeure

Neither COUNTY nor YMBL is required to perform any term or covenant in this lease as long as performance is delayed or prevented by force majeure, which includes act of God, strikes, lockouts, material or labor restrictions by any governmental authority, civil riots, floods, and any other cause not reasonably within COUNTY's or YMBL's control and that COUNTY or YMBL, by exercising due diligence and by paying money, cannot prevent or overcome, in whole or part.

Time of Essence

Time is of the essence of this agreement.	The undersigned authorized representatives of COOM1
and YMBL execute this agreement on the	day of, at
Beaumont, Jefferson County, Texas.	
	JEFFERSON COUNTY, TEXAS
	By: Jefferson County Judge
ATTEST:	
By:County Clerk	
	THE YOUNG MEN'S BUSINESS LEAGUE OF BEAUMONT, TEXAS, INC.
	By:
ATTEST:	
By:	

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BASEBALL/SOFTBALL ACADEMY AGREEMENT

(RFP 16-011/JW) Addendum 1 - Attachment

THE STATE OF TEXAS § BASEBALL/SOFTBALL ACADEMY

§ DEVELOPMENT

COUNTY OF JEFFERSON § LAND LEASE AGREEMENT

This is a Lease Agreement, made as of _______, by and between Jefferson County, Texas, a political subdivision of the State of Texas (herein called "LESSOR") and Southeast Texas Baseball/Softball Academy, L L P (herein called "LESSEE"), being a Texas limited liability partnership authorized to do business in Jefferson County, Texas

SECTION 1 LETTING

Premises LESSOR is the owner and operator of the Southeast Texas Regional Entertainment Complex ("Complex") LESSOR hereby lets to LESSEE and LESSEE hereby leases from LESSOR the tract of land described as Southeast Texas Baseball/Softball Academy in Exhibit "A" attached, containing 10,068 sq ft, more or less, located at the Complex, together with the right to use and enjoy all improvements thereon, whether existing or constructed or to be constructed are referred to herein as the "premises"

SECTION 2 COMMENCEMENT AND TERM OF LEASE

- 2 01 Effective Date The effective date of this Lease shall be on the date the LESSEE commences construction but not later than November 1, 2001
- 2 02 <u>Term</u> The initial term of this Lease shall be for a period of 240 calendar months (20 years), plus the partial month, if any, following the commencement of the term unless sooner terminated or extended by virtue of a provision herein. The term shall begin eight months from the effective date of this Lease
- 2 03 Option Term LESSEE shall have the option to extend the term of this Lease for two additional 60-month (5-year) terms following the initial term Rental during any optional term shall be calculated pursuant to the terms of Section 3 03

protection the construction

SECTION 3 RENTALS

- Base Rent As rent for the demised premises and the LESSEE's right and privileges hereunder, the LESSEE agrees to pay to the LESSOR the sum of \$6,000 00 per year during the initial term of this Lease, and subject to provision of 3 03, which rental shall be paid in monthly installments, in advance on the first day of each month, in a sum equal to 1/12 of such annual base rent. Rental installments not paid by the tenth (10th) day of the month in which due shall bear interest at the highest rate allowed by law from the date it is due until paid.
- 3 02 <u>Commencement of Rent</u> Rental payments as provided above shall be payable on but not before the commencement date of the Lease as determined in Section 2 02 hereof
- Adjustment of Rent In January, beginning on January 1, 2008, the rent set forth in subsection 3 01 of above shall be adjusted by applying to the rent the applicable during past preceding five-year period, the percentage of increase or decrease in the Consumer Price Index published by the Bureau of Labor Statistics, U.S. Department of Labor for "all items" for Houston, Texas (or other applicable U.S. Departments should the Department of Labor discontinue the same), provided, however, that any rent increase under this provision shall not exceed a 10% increase of the then existing base rent. Additional adjustments shall occur for each successive five (5) year period thereafter. Such amount will be calculated by the Jefferson County Auditor.

SECTION 4 CONSTRUCTION

Plans and Specifications Attached hereto as Exhibit "B" is a schematic of the improvements that LESSEE proposes to build on the premises Prior to any construction, plans and specifications are to be submitted to LESSOR for approval, which approval shall not be

unreasonably withheld

4 04

- Indemnity LESSEE shall include in all construction contracts entered into by it, in connection with any or all of the construction work, a provision requiring the contractor and any subcontractor to indemnify, hold harmless, defend and insure Jefferson County, its officials, agents and employees against the risk of death, injury, or damage to persons or property, arising out of or in connection with the performance of any or all such construction work. LESSEE shall require the contractor to furnish hability insurance including contractual indemnity coverage in an amount not less than the maximum dollar amount of recovery permitted against a county by the Texas Tort Claims Act as it now exists or may be hereafter amended.
- 4 03 Workmanship The LESSEE further covenants that all construction work to be performed by it or its contractor, including all workmanship or materials shall be of first class quality
 - Utility Connections LESSEE, at its own expense, shall construct utility connections such as it may desire from utility lines or pipelines in existence on the Complex property or from outside the Complex, following existing roads or easements, unless express authority for deviation from existing roads or easements is given to it by the Commissioners' Court. The deviation authority and additional easements will be granted by LESSOR, if needed by the LESSEE to achieve economy or convenience. If other property is subsequently leased by LESSOR to other tenants in the vicinity who choose to extend existing utility lines provided by this LESSEE to other property so leased, the subsequent tenants shall have the right to do so at their sole cost and expense, but LESSOR covenants that it will require each subsequent tenant, as a condition to the extension of the utility lines, to pay to present LESSEE a pro rata share of the original cost of extending utilities from present utility lines to the premises

However, the right of any subsequent tenant to extend utility lines is further conditioned that the extension will not impair the capability and capacity of the line as used by the present LESSEE

- 4 05 <u>Certificate of Completion</u> When the construction hereinabove provided for has been completed, the LESSEE shall, within a reasonable time thereafter, deliver to the LESSOR a certificate of LESSEE's architect that the construction has been completed in compliance with all laws, ordinances and governmental rules, regulations and orders
- Proof of Payment All improvements shall be free and clear of all mechanics' and other liens and from liability arising from the construction of said improvements, and LESSEE shall, upon demand, furnish to LESSOR full and satisfactory evidence in writing of the area of such improvements, the actual cost of such improvements and of the payment therefor, the value of such improvements immediately after construction, and that said improvements are free and clear of all mechanics' and other liens and from liability thereto arising from the construction

SECTION 5 USE OF PREMISES

- Refuse and Trash No refuse or trash shall be kept, stored or allowed to accumulate on the demised premises LESSEE shall provide, at its sole cost and expense, necessary arrangements for adequate sanitation, handling and disposal from the premises of all trash, garbage and other refuse which results from tenants' business operations, including receptacles for the deposit of such trash, garbage and other refuse
- Outside Storage Prohibited Storage of vehicles, equipment, supplies or any other items outside of the building(s) is prohibited. For the purpose of this provision, the term "storage" shall mean the placing of vehicles, equipment, supplies or any other items outside the building and which vehicles, equipment, supplies or any other items do not serve as an actual day-to-

day business function

- Permitted Uses The LESSEE shall have the privilege of using, subject to the terms and conditions herein, the premises for the operation of a commercial baseball/softball academy, including all services normally connected therewith, including a concession counter to service the academy LESSEE may not use the premises for any other purpose without the prior written consent of LESSOR
- Illegal Use Prohibited LESSEE shall not use or permit the use of the premises in any manner that results in waste of the premises or constitutes a nuisance or violates any statute, ordinance, rule or regulation applicable to the premises or for any illegal purpose

SECTION 6 TITLE

- Representations as to Use and Zoning LESSOR makes no warranty or representation of any kind concerning the condition of the leased premises or its fitness for the use intended by LESSEE, or of its zoning, and hereby disclaims any personal knowledge with respect to these matters, it being expressly understood by the parties to this Lease that LESSEE has personally inspected the leased premises, knows its condition, finds it fit for its intended use, accepts it AS IS, and has ascertained that it can, under existing ordinances, be used for the purposes set forth in and limited by this Lease LESSEE expressly understands and agrees that with respect to the leased premises there are no express or implied warranties, and ALL WARRANTIES ARE EXCLUDED, INCLUDING BUT NOT LIMITED TO, ANY WARRANTIES OF QUALITY, MERCHANTABILITY, AND SUITABILITY OR FITNESS FOR A PARTICULAR PURPOSE
- 6 02 <u>Lessee's Estate</u> Title to all improvements constructed by LESSEE shall vest and remain in LESSEE during the original term of this Lease and LESSEE shall be entitled to any and all

investment tax credits generated by reason of construction, installation, and operations on the premises. Subject to the rights of LESSEE's mortgage (as provided in subsection 6.03 and elsewhere herein) and to LESSEE's right of reimbursement to the extent set out in subsection 13.02, title to improvements shall pass to and vest in the LESSOR upon the effective date of a cancellation or termination of this Lease. LESSEE shall have the right at any time prior to or subsequent to the construction of improvements to mortgage its leasehold estate in the premises and the improvements, and to assign its interest in this Lease to any mortgage who shall have advanced funds to the LESSEE under any loan, the proceeds of which have been used for the construction of the improvements or to refinance loans for the construction of improvements. Any mortgage claiming under the LESSEE shall have the rights and privileges hereinafter set forth

Lessee's Mortgage In the event LESSEE shall mortgage the leasehold estate and the improvements or assign this Lease to any mortgagee who shall have advanced funds for the purposes described in the preceding subsection 6 02, such mortgagee may give written notice of its mortgagee's interest to the LESSOR at LESSOR's address shown herein. Thereafter, LESSOR, prior to taking any action to cancel or terminate the Lease, shall give to the mortgagee the same notices that are required to be given to the LESSEE prior to cancellation or termination, and if no notice is required to be given to the LESSEE, then a written notice to the mortgagee shall be given of the event or events which are alleged to be the basis of the right to cancel or terminate. The mortgagee shall have the right (a) to cure the default of the LESSEE, and (b) at its election, to foreclose its lien or security interest in the leasehold estate and improvements and this Lease and to sell such leasehold estate and improvements (and LESSEE's interest in this Lease) at public or private sale, whereupon the purchaser shall

6 03

succeed to all rights of the LESSEE hereunder. The mortgagee shall be accorded a reasonable period of time in which to cure the default, taking into account the nature of the LESSEE's default, and a reasonable period of time in which to effect foreclosure, taking into account the statutory requirements for foreclosure of its lien or security interest. Further, if LESSEE shall default under the terms of its mortgage, the mortgagee shall likewise have the rights and power of foreclosure and sale as are set out in the preceding portions of this subsection 6.03. The LESSOR agrees to execute such documents as may be requested by the LESSEE or the LESSEE's mortgagee to provide LESSEE with the ability to meet requirements for obtaining secured financing, provided that such documents do not render LESSOR liable for the payment of LESSEE's indebtedness or encumber LESSOR's remainder interest

SECTION 7 INSURANCE

Insurance on Buildings and Improvements. At all times during the term of this Lease, LESSEE shall keep all buildings and other improvements located or being constructed on the leased premises insured against loss or damage by fire and other hazards in a Texas All-Risk form, with extended coverage and special extended coverage endorsement and loss by flood (if required by LESSOR) and the insurance shall be carried by insurance companies authorized to transact business in Texas, selected by LESSEE and approved by LESSOR. The insurance shall be paid for by LESSEE and shall be in amounts not less than 80% of the replacement cost of the buildings and other improvements (or in the case of flood insurance, the maximum amount available if 80% of replacement cost exceeds said maximum). The hazard insurance policy providing coverage hereunder shall name both LESSOR and LESSEE as the named insureds, as their interest may appear. All insurance proceeds shall be paid to

LESSOR and held by LESSOR to be disbursed in accordance with the later provisions of this Lease

- Liability Insurance At all times during the term of this Lease, including the construction phase, LESSEE, or its contractors or subcontractors, shall provide and keep in force and effect, liability insurance covering LESSOR and LESSEE for liability for property damage and personal injury. This insurance shall be carried by one or more insurance companies duly authorized to transact business in Texas, selected by LESSEE and approved by LESSOR, and the premiums shall be paid for by LESSEE. This insurance shall protect LESSOR and LESSEE against liability to any employees and servants of LESSEE and to any other person or persons whose property damage or personal injury arises out of or in connection with LESSEE's occupation, use, or condition of the leased premises as defined in § 1 01 above. The insurance policies shall provide coverage as follows.
 - (1) Worker's Compensation Insurance
 - (a) Amount Statutory
 - (b) Employer's Liability \$500,000/\$500,000/\$500,000
 - (2) <u>General Liability</u> \$500,000 combined single limit for bodily injury and property damage Each occurrence
 - \$1,000,000 General aggregate
 - \$1,000,000 Products completed operations aggregate
 - \$ 500,000 Personal and advertising liability
 - \$ 50,000 Fire damage (any one fire)
 - \$ 5,000 Medical expense (any one person)

Policy must be an "occurrence" policy on ISO 1986 form or its equivalent, without any restrictions or deletions of coverage, and this must be indicated on the certificate of insurance

If policy is other than on ISO 1986 form, it must be on an "occurrence" form and provide the following coverages which are so indicated on the certificate of insurance

- 1 Operations Liability
- 2 Products and/or Completed Operations Coverage

- 3 Blanket X, C, U Coverage
- 4 Broad Form Blanket Contractual Coverage
- 5 Broad Form Property Damage
- 6 Include the Broad Form General Liability Endorsement
- (3) Waiver of Subrogation Endorsement waiving subrogation in favor of LESSOR and its subsidiaries, affiliates, employees, officers, directors, consulting engineers, attorneys and agents, on Workers' Compensation, General Liability, Automobile, Liquor Liability (if any) and Umbrella policies Must be noted on certificate of insurance in force
- (4) Additional Insured Endorsement of General Liability, Automobile, Liquor Liability (if any) and Umbrella policies naming LESSOR, its employees, officers, commissioners, directors, consulting engineers, attorneys and agents as additional insureds. Additional insureds must be identified as such on the certificate of insurance. The insurance afforded the additional insured is primary insurance. If the additional insured has other insurance which is applicable to the loss, it will be excess or contingent basis. The amount of the company's liability under this policy shall not be reduced by the existence of such other insurance.
- (5) Detail of LESSOR, its Independent Contractor, or Subcontractor Standard Coverage
 Where this standard coverage is greater or broader than that required above, the
 above stated coverages and limits are not deemed to be a limitation on or a limit of
 liability and are not a representation by LESSOR that the above insurance is all that
 should be obtained nor that said insurance is sufficient to protect LESSOR, or its
 independent contractors or subcontractors

In addition, there will be furnished, by LESSEE's contractor, to LESSOR, an Owner's Protective Liability Policy naming LESSOR as insured in an amount not less than Bodily Injury \$500,000 each occurrence, \$1,000,000 aggregate, and property damage \$100,000 each occurrence, \$100,000 aggregate, and insuring liability due to the use of premises upon which this contract is performed as well as liability due to operations performed by Contractor and the general supervision of same

Failure to Maintain Insurance If at any time during the term of this Lease, the LESSEE fails to maintain the aforesaid insurance, the LESSOR shall be entitled, at its option, to obtain any or all such insurance. In such event, the LESSOR shall be reimbursed by the LESSEE for all costs and expenses associated with obtaining such insurance upon thirty (30) days written notice from the LESSOR to the LESSEE.

- 7 04 Completed Operations and Contractual Liability The General Liability and Umbrella policies of insurance so required by this paragraph shall include completed operations insurance and contractual liability insurance covering LESSEE's and contractor's indemnity obligations as hereinafter provided
- Insurance Policies to Provide Waiver of Rights LESSOR and LESSEE intend that all policies purchased in accordance with this Lease Agreement will protect LESSOR, LESSEE, and all other persons or entities listed as insureds or as additional insureds in such policies, or certificates of insurance, and will provide primary coverage for all losses and damages caused by the perils covered thereby. All such policies shall contain provisions to the effect that in the event of payment of any loss or damage the insurers shall not have rights or recovery against any of the insureds or additional insureds named in the policies.
- Certificates of Insurance LESSEE and its contractor shall deliver to LESSOR, upon the execution of this Lease Agreement, with copies to each other insured or additional insured identified herein, certificates of insurance (and other evidence of insurance requested by LESSOR or any named insured or additional insured) which LESSEE or the Contractor is required to purchase and maintain in accordance with this agreement. Such certificates of insurance shall each provide that LESSOR be provided with at least thirty (30) days written notice prior to any cancellation, non-renewal, or material modification of any of the insurance coverage described therein. LESSEE shall provide additional certificates of insurance as set out above from time to time so that at all times while this Lease Agreement is in effect LESSEE shall have in LESSEE's possession an insurance certificate or certificates complying with the terms of this subsection 7.06 indicating that the insurance coverages required by this Lease Agreement are in full force and effect. If required by the documents evidencing or

securing any leasehold mortgage permitted hereunder creating any lien or liens on the leasehold interest of LESSEE hereunder, the insurance policy or policies providing hazard insurance coverage under subsection 7 01 above shall name the Leasehold Mortgagee (as such term is hereinafter defined) holding such leasehold mortgage as loss payee in a standard noncontributory mortgagee's clause. In addition, LESSEE shall carry any additional insurance coverage which may at any time or from time to time be required by applicable law. At any time and from time to time, the LESSOR may request that LESSEE provide LESSOR certified copies of any of the insurance policies providing insurance required to be provided by LESSEE under this Lease Agreement, and LESSEE shall provide the same to LESSOR within twenty (20) days after such request, each such certification shall be by the insurance company issuing such policy and shall state that such policy is a true and correct copy of the original policy.

Waiver of Subrogation Anything in this Lease to the contrary notwithstanding, the parties hereto hereby waive to the extent permitted by their respective insurance carriers and to the extent of any insurance proceeds received by such parties, any and all rights of recovery, claims, actions, or causes of action, against each other, their agents, officers, directors, partners, and employees, for any loss or damage that may occur to the leased premises, or any improvements thereto, or personal injury or death of any person by reason of fire, the elements, or other origin, including negligence of the parties hereto, their agents, officers, directors, partners and employees, provided, however, that nothing contained herein shall reduce, limit or affect the liability of LESSEE under the indemnity contained in subsection 8 01 hereof

SECTION 8 INDEMNIFICATION

THE PARTIES CONTEMPLATE THAT LESSEE, ITS SERVANTS, AGENTS, EMPLOYEES, INVITEES, LICENSEES OR INDEPENDENT CONTRACTORS SHALL FROM TIME TO TIME ENTER THE LEASED PREMISES AND, AS A PART OF THE CONSIDERATION HEREOF, IT IS AGREED THAT SUCH ENTRY OR ENTRIES SHALL BE AT THE SOLE RISK OF LESSEE, AND LESSEE AGREES TO AND DOES HEREBY EXPRESSLY ASSUME ALL RISK ASSOCIATED WITH THE USE OF THE LEASED PREMISES (INCLUDING ENTRY INTO ACTIVITIES ON AND EXIT FROM THE LEASED PREMISES) AND ASSUMES ALL LEGAL DUTIES AND LIABILITIES OF LESSOR AS THE OWNER OF THE LEASED PREMISES, REGARDLESS OF CONDITION OR CAUSE, WITH RESPECT TO ITS SERVANTS, AGENTS, EMPLOYEES, INVITEES, LICENSEES AND INDEPENDENT CONTRACTORS

FOR GOOD AND VALUABLE CONSIDERATION, LESSEE AGREES TO PROTECT. INDEMNIFY, SAVE, AND HOLD HARMLESS LESSOR AND ITS ELECTED OFFICIALS, PARTNERS, MEMBERS, OFFICERS, DIRECTORS, JUDGES. COMMISSIONERS, SHAREHOLDERS, EMPLOYEES, AGENTS AND AFFILIATES (COLLECTIVELY THE "INDEMNIFIED PARTIES" AND INDIVIDUALLY THE "INDEMNIFIED PARTY") FROM AND AGAINST ANY AND ALL CLAIMS. DAMAGES, LOSSES, LIENS, CAUSES OF ACTION, SUITS, JUDGMENTS AND EXPENSES, INCLUDING BUT NOT LIMITED TO COURT COSTS, REASONABLE ATTORNEYS' FEES AND COSTS OF DISCOVERY AND INVESTIGATION (THE "LIABILITIES") ARISING OR RESULTING IN ANY MANNER, IN WHOLE OR IN PART, DIRECTLY OR INDIRECTLY, (1) FROM THE CONDUCT OR LESSEE'S OPERATIONS, (11) FROM ANY WORK, CONSTRUCTION, REPAIRS, MAINTENANCE, OTHER ACTION OR OMISSION, DONE OR SUFFERED TO BE DONE ON OR ABOUT THE LEASED PREMISES, BY LESSEE, ITS AGENTS, EMPLOYEES, INDEPENDENT CONTRACTORS OR OTHERS, (111) FROM ANY CONDITION OF OR DEFECT IN THE LEASED PREMISES OR IN ANY IMPROVEMENTS, EQUIPMENT, VEHICLES OR PIPELINES NOW OR HEREAFTER LOCATED THEREON OR THEREUNDER, REGARDLESS OF WHETHER HIDDEN OR OBVIOUS, OR DISCLOSED OR UNDISCLOSED BY ANY INDEMNIFIED PARTY, (iv) FROM ANY BREACH OR DEFAULT ON THE PART OF LESSEE IN THE PERFORMANCE OF ANY COVENANT OR AGREEMENT UNDER THE TERMS OF THIS LEASE, WHETHER OR NOT ACTED UPON OR WAIVED BY ANY INDEMNIFIED PARTY, (v) FROM DAMAGES TO OR CLAIMS OF DAMAGE BY LESSOR DUE TO ANY ACTIVITY, OR (v1) FROM ANY VIOLATION OF OR FAILURE TO SATISFY ANY LEGAL REQUIREMENT RELATED TO LESSEE'S OPERATIONS (COLLECTIVELY THE "INDEMNIFIED MATTERS")

LESSEE'S INDEMNITY SHALL APPLY TO ALL LIABILITIES FROM THE INDEMNIFIED MATTERS EVEN IF RESULTING FROM OR CAUSED BY THE SOLE, JOINT OR CONCURRENT NEGLIGENCE OF AN INDEMNIFIED PARTY HOWEVER, ANY LIABILITIES RESULTING SOLELY FROM THE GROSS

NEGLIGENCE OR WILLFUL MISCONDUCT OF AN INDEMNIFIED PARTY ARE SPECIFICALLY EXCLUDED FROM SUCH INDEMNITY

FOR PURPOSES OF THESE INDEMNITIES, THE LIABILITIES SHALL BE DEEMED TO INCLUDE ACTUAL AND CONSEQUENTIAL DAMAGES, FINES AND PENALTIES OF ANY KIND

THE INDEMNIFIED PARTIES SHALL HAVE THE RIGHT, BUT NOT THE DUTY, TO PARTICIPATE IN THE DEFENSE OF ANY CLAIM OR LITIGATION WITH ATTORNEYS OF THEIR CHOICE IN CASE ANY ACTION OR PROCEEDING BE BROUGHT AGAINST AN INDEMNIFIED PARTY, LESSEE, UPON NOTICE FROM THE INDEMNIFIED PARTY, COVENANTS TO RESIST OR DEFEND SUCH ACTION OR PROCEEDING BY COUNSEL REASONABLY SATISFACTORY TO THE INDEMNIFIED PARTY AN INDEMNIFIED PARTY MAY EMPLOY ITS OWN COUNSEL AND LESSEE SHALL PAY THE INDEMNIFIED PARTY THE COST THEREOF THE COVENANTS BY LESSEE TO INDEMNIFY THE INDEMNIFIED PARTIES PROVIDED IN THIS CONTRACT SHALL SURVIVE THE TERMINATION OF THIS CONTRACT WITH RESPECT TO ANY LIABILITIES, REGARDLESS OF WHETHER ASSERTED PRIOR TO OR FOLLOWING TERMINATION AND BASED UPON, ARISING FROM OR TRACEABLE TO (IN WHOLE OR IN PART) ANY OF THE INDEMNIFIED MATTERS DESCRIBED ABOVE

THE TERMS OF THIS AGREEMENT SHALL NOT IN ANY WAY LIMIT ANY RIGHTS THE INDEMNIFIED PARTY MAY HAVE AGAINST LESSEE UNDER ANY LAW, WHETHER IN EFFECT AT THE TIME OF EXECUTION OR CREATED OR RECOGNIZED AFTER SUCH DATE

SECTION 9 GOVERNMENTAL AND OTHER REQUIREMENTS

- 9 01 <u>Licenses</u> The LESSEE shall procure from all governmental authorities having jurisdiction of the operations of the LESSEE hereunder, all licenses, franchises, certificates, permits of other authorizations as may be necessary for the conduct of its operations LESSOR will cooperate with LESSEE in this endeavor
- 9 02 Lessor's Remainder Interest The LESSEE agrees that it shall not enter into any contracts of a type which would permit a lien or liens to become attached to the remainder interest of Jefferson County, or suffer or permit a lien or liens to be imposed or attached to the leasehold interest, provided, LESSEE shall have the right, upon posting security satisfactory to the

County, to contest the amount or legality of any lien attached to or levied against the leasehold interest

Non-Discrimination The LESSEE assures that it will undertake an affirmative action program as required by 14 Code of Federal Regulations (CFR) Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The LESSEE assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The LESSEE assures that it will require that its covered suborganizations provide assurance to the LESSEE that they similarly will undertake affirmative action programs and that they will require assurances from their suborganizations, as required by 14 CFR Part 152, Subpart E, to the same effect

SECTION 10 MAINTENANCE AND REPAIRS

LESSEE shall at all times keep in a clean orderly condition and appearance the premises and improvements thereon, equipment and personal property. LESSEE shall maintain, repair, replace and paint all or any part of the improvements on the premises including therein, without limitations thereto, walls, partitions, floors, ceiling, columns, windows, doors, glass of every kind, fixtures, systems for the furnishing of a fire alarm, fire protection, sprinkler, sewage, drainage and telephone service, including lines, pipes, mains, wires, conduits, and other equipment connected with or appurtenant to all such systems at its own expense as necessary. LESSOR shall have the right to enter upon the premises at reasonable times, in a manner which does not materially interrupt LESSEE's business, for the purpose of inspection, to determine LESSEE's

compliance with LESSEE's obligation under this Section 10

Enforcement Rights If LESSEE fails to perform its obligations under subsection 10 01, LESSOR shall have the right to give written notice to the LESSEE specifying the deficiencies in maintenance. If within 30 days after receipt of such notice, LESSEE does not make arrangements for the curing of such deficiencies in maintenance, LESSOR shall have the right to enter the premises and perform the necessary maintenance, the cost of which shall be borne by the LESSEE.

SECTION 11 UTILITIES

LESSEE shall pay all costs and charges for utility services requested by and furnished to the LESSEE during the term hereof LESSEE shall, however, have the right to connect to any and all storm and sanitary sewers and water and utility outlets located on or adjoining property of the LESSOR. The LESSEE shall pay for all cost and expense attendant to such connections, but no charge shall be assessed by the LESSOR for the right to make such connections.

SECTION 12 INGRESS AND EGRESS

12 01 LESSEE and approved sublessee, and their contractors, suppliers of materials and furnishers of services, and employees and invitees, shall have the right of ingress and egress between the premises and the public rights-of-way outside the Complex by means of existing access roads, the same to be used in common with others having rights of passage within the Complex, provided that the Complex may from time to time substitute other means of ingress and egress which shall be reasonably equivalent to the means now provided. The use of such roadways shall be subject to reasonable rules and regulations established by the Complex

SECTION 13 CANCELLATION BY LESSEE

- LESSEE, upon default of LESSOR in the performance of any covenant or agreement herein required to be performed by LESSOR and the failure of LESSOR to remedy such default for a period of thirty (30) days after receipt from LESSEE of written notice to remedy the same LESSEE may exercise its right of cancellation by written notice to LESSOR at any time after the lapse of the applicable periods of time. This Lease shall then terminate as of the termination date specified by LESSOR in such notice.
- Amounts Payable Upon Cancellation by Lessee In the event this Lease is canceled by LESSEE pursuant to LESSEE's rights under this Section 13, rental due shall be payable only to the date of termination, and the LESSOR shall pay to LESSEE liquidated damages computed as follows
 - (a) The liquidated damages shall be the cost of the fixed improvements less 2% of the cost for each year or partial year elapsed since the substantial completion of the improvements
 - (b) For the purpose of subsection (a), adjusted book value shall be the actual cost of the improvements placed, from time to time, on the demised premises, less depreciation computed on a 20-year, straight line basis. With respect to original improvements, depreciation shall commence on the date LESSEE certifies to LESSOR that such improvements have been completed in accordance with plans and specifications. As to improvements thereafter constructed by LESSEE, depreciation, for this purpose, shall commence on the date that LESSEE certifies to LESSOR that such subsequently constructed improvements have been completed.

(c) Actual construction cost shall be approved in writing by the LESSOR within 15 days after submission by the LESSEE

Upon payment by LESSOR to LESSEE of liquidated damages, as computed above, LESSEE shall have no further estate in the improvements and LESSOR shall have the exclusive right thereto

13 03 Lessee's Option to Remove In lieu of liquidated damages provided in subsection 13 02 hereof, LESSEE may, at its option, remove the improvements If LESSEE removes the improvements, the premium of 2% per year of unexpired term shall be payable by LESSEE to LESSOR

SECTION 14 CANCELLATION BY LESSOR

- 14 01 Events of Cancellation This Lease shall be subject to cancellation at the option of the LESSOR upon occurrence of any of the following events
 - (a) Failure of LESSEE to pay rent as herein provided within thirty (30) days after LESSOR shall have given LESSEE written notice of such default
 - (b) The permanent abandonment of the premises by the LESSEE
 - (c) Default by LESSEE in the performance of any of the covenants and conditions required herein (except rental payments) to be kept and performed by the LESSEE, if such default continues, without a good faith attempt by LESSEE to remedy the default, for a period of thirty (30) days after receipt of written notice from LESSOR specifying the default
 - (d) Any other event specifically named in this Lease which affords LESSOR the right to cancel

- 14 02 Method of Cancellation LESSOR may exercise such right to cancellation by written notice to LESSEE at any time after the lapse of the applicable periods of time and this Lease shall terminate as of the termination date specified by LESSOR in such notice
- 14 03 <u>Lessor's Rights Upon Cancellation</u> In the event LESSOR cancels this Lease, all rental due hereunder to the date of termination shall be payable by the LESSEE to the LESSOR, and the LESSOR, at its option, may take possession of the premises, as well as all improvements, buildings and fixtures constructed or installed by LESSEE on the leased premises, subject to Mortgagee's rights

SECTION 15 ATTORNEY'S FEES

15 01 In any action brought by either party against the other for enforcement of the terms of this

Lease, the prevailing party shall be entitled to recover reasonable attorney's fees in addition
to such other relief as may be awarded

SECTION 16 COMPLEX EXPANSION AND RELOCATION

- 16 01 Complex Expansion In the event LESSOR requires the premises for expansion or development of the Complex, LESSOR reserves the right, upon six (6) months' written notice to LESSEE, to relocate or replace LESSEE's improvements in substantially the same form acceptable to the LESSEE at another comparable location on the Complex acceptable to the LESSEE. The replacement facility shall be completed prior to relocation so that there is no interruption of LESSEE's business operation.
- Option in Event of Relocation In the event a relocation of improvements is required by the LESSEE under subsection 16 01 above, LESSEE shall have the option, in lieu of accepting such relocated premises, to cancel this Lease prior to the commencement of construction of relocation facilities, in which event LESSEE shall be entitled to the liquidated damages

provided in subsection 13 02

SECTION 17 ASSIGNMENT OR SUBLEASE

17 01 LESSEE shall not assign this Lease or sublet all or any portion of the premises without the prior written consent of LESSOR, which consent shall not be unreasonably withheld However, LESSOR's consent shall not be required for any (a) assignment of subletting to an affiliate or subsidiary of the LESSEE, or (b) the assignment or subletting to any mortgagee or to a purchaser from any mortgagee at foreclosure

SECTION 18 MISCELLANEOUS

- Other Instruments Upon request of either party, the LESSOR and the LESSEE will execute a recordable short form lease evidencing that the premises have been demised to the LESSEE and a recordable instrument evidencing the term of this Lease and its commencement date shall have been determined
- 18 02 Paragraph Headings The paragraph headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Lease
- 18 03 Notices Notices to LESSOR provided for herein shall be sufficient if sent by Registered or Certified Mail, postage prepaid, addressed to

Jefferson County Judge Jefferson County Courthouse, 4th Floor 1149 Pearl Street Beaumont, Texas 77701

and notices to said LESSEE, if sent by Registered or Certified Mail, postage prepaid, addressed to

Southeast Texas Baseball/Softball Academy, L L P Attn Morgan Walker 7340 Hidden Valley Beaumont, Texas 77708-1217 and notices to MORTGAGEE, if sent by Registered or Certified Mail, postage prepaid,

addressed to

Hibernia Bank, Beaumont Attn Pierce Harrington 510 Park Street

Beaumont, Texas 77701

and to such other addresses as the parties may designate to each other in writing from time

to time

18 04 Successors and Assigns All of the terms, covenants and agreements herein contained shall

be binding upon and shall insure to the benefit of successors and assigns of the respective

parties hereto

18 05 Termination of Lease This Lease shall terminate at the end of the full term hereof Upon

such termination, LESSEE shall have no further right or interest in any of the land hereby

demised or in any of the improvements thereon

18 06 Available Tax Exemptions LESSOR authorizes LESSEE to obtain all available tax credits

and exemptions including, but not limited to, sales tax exemption for purchase of materials

LESSOR agrees to cooperate and allow LESSEE to obtain sales and use tax exemption

LESSOR agrees that, prior to using LESSOR's name for sales and use tax exemption, it will

obtain appropriate authorization from the Comptroller of the State of Texas

EXECUTED in triplicate originals as of the date first above written

LESSOR

JEFFERSON COUNTY TEXAS

CARL R GRIFFITH, JR,

COUNTY JUDGE

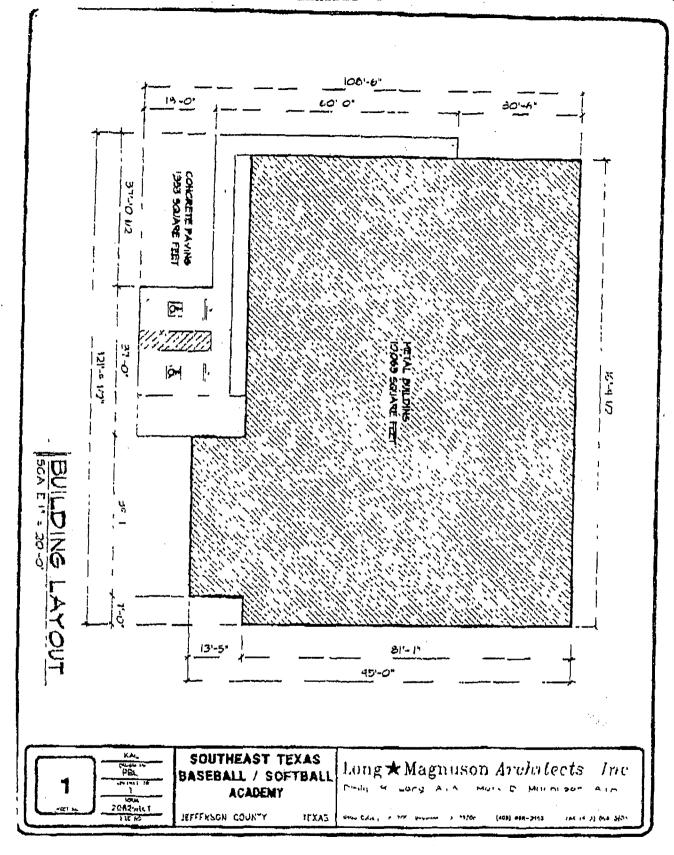
LESSEE

SOUTHEAST TEXAS BASEBALL/SOFTBALL ACADEMY, LLP

By TYNER/WALKER ENTERPRISES, INC, Its General Partner

Ву

MORGAN W. PRESIDENT



COMMERCIAL PACKAGE POLICY

GENERAL	LIMITS		
COMMERCIAL GENERAL LIABILITY PRODUCTS\COMPLETED OPERATIONS AGGREGATE PERSONAL & ADVERTISING INJURY ADDITIONAL INSURED EACH OCCURRENCE FIRE DAMAGE (ANY ONE FIRE) MEDICAL PAYMENTS (ANY ONE PERSON) PARTICIPANT LEGAL LIABILITY EXCESS PARTICIPANT ACCIDENT - \$100 DEDUCTIBLE			\$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$1,000,000 \$300,000 \$5,000 \$1,000,000 \$25,000
Premium Ba	sis.	# of Participants 1,909	• • • •
Definition of	de player(s), ers, team workers, ersonnel, "VIP's" een granted proper areas. The ese areas which are ch access by the		
Notable Exclusions		Nuclear Energy, Asbestos, Bodi Employees, Player vs Player C Employment Related Practices, Molestation	laims, Fireworks,
PROPERTY	Y SECTION C	OVERAGES	LIMITS
PHYSICAL ADDRESS TO BE DETERMINED BEAUMONT, TEXAS BUILDING \$245, BUSINESS PERSONAL PROPERTY \$ 80, BUSINESS INCOME WITH EXTRA EXPENSE \$ 60,			
Deductible	•	Occurrence except, Business Income	
Coverage "Direct Physical Loss" Subject To Policy Limitations & Exclusion 80% Co-Insurance Applicable to Building & Personal Property a 50% Co-Insurance Applicable to Business Income Replacement Cost Valuation Applies			

(Cont)

Terms &

Conditions: M

Minimum Earned Premium - \$3,500

Coverage is contingent upon receipt of contract/lease agreements

involving the Named Insured (if applicable). The policy is not subject to an annual audit An acceptable waiver of release must be used

The Legal Liability to Participants is contingent upon the

Participant Expense Coverage in the amount of \$25,000 or more

Estimated Annual Premium:

\$ 8,469.00

Proposed Carrier:

TIG Insurance Company

A.M Best Rating

A-, VII

NOTES

Employee Benefits Liability coverage is available for an additional premium of \$100. for up to 25 employees.

Sexual Abuse Coverage is available but will require the completion of an application. The application is being forwarded by the company

Employment Related Practices Liability coverage is available but also requires the an application be submitted to the company

Excess Liability coverage is available. An application has been submitted to the company and a quotation is pending.

The General Liability coverage excludes "Player vs. Player" claims In the event of a claim involving two players, the company will respond and defend Southeast Texas Baseball/Softball Academy. However, coverage will not extend to either of the players involved.

GOLDEN TRIANGLE SPORTS ACADEMY AGREEMENT

(RFP 16-011/JW) Addendum 1 - Attachment

THE STATE OF TEXAS	§	GOLDEN TRIANGLE SPORTS
	§	
	§	ACADEMY, LLC
	§	
COUNTY OF JEFFERSON	§	LAND LEASE AGREEMENT

This is a Lease Agreement, made as of **November 3.** by and between Jefferson County, Texas, a political subdivision of the State of Texas (herein called "LESSOR") and Golden Triangle Sports Academy, LLC (herein called "LESSEE"), being a Texas limited liability corporation authorized to do business in Jefferson County, Texas.

SECTION 1: LETTING

1.01 <u>Premises</u>: LESSOR is the owner and operator of the Southeast Texas Regional Entertainment Complex ("Complex"). LESSOR hereby lets to LESSEE and LESSEE hereby leases from LESSOR the tract of land described as Golden Triangle Sports Academy in Exhibit "A" attached, containing 2.62 acres, more or less, located at the Complex, together with the right use and enjoy all improvements thereon, whether existing or constructed or to be constructed are referred to herein as the "premises".

SECTION 2: COMMENCEMENT AND TERM OF LEASE

- 2.01 <u>Effective Date</u>: The effective date of this Lease shall be on the date the LESSEE completes construction but not later than January 1, 2015.
- 2.02 <u>Term</u>: The initial term of this Lease shall be for a period of 240 calendar months (20 years), plus the partial month, if any, following the commencement of the term unless sooner terminated or extended by virtue of a provision herein.

2.03 Option Term: LESSEE shall have the option to extend the term of this Lease for two additional 60-month (5-year) terms following the initial term. Rental during any optional term shall be calculated pursuant to the terms of Section 3.03.

SECTION 3: RENTALS

3.01 <u>Base Rent</u>: As rent for the demised premises and the LESSEE's right and privileges hereunder, the LESSEE agrees to pay to the LESSOR the sum of \$7,200.00 per year during the initial term from 2015-2020 of the Lease, and subject to provision of 3.03, which rental shall be paid in monthly installments, in advance on the first day of each month, in a sum equal to 1/12 of such annual base rent. Rental installments not paid by the tenth (10th) day of the month in which due shall bear interest at the highest rate allowed by law from the date it is due until paid.

2035-2040	\$10 000 00	OPTIONAL TERM 2 PER 2.03
2030-2034	\$9,500.00	OPTIONAL TERM 1 PER 2.03
2025-2029	\$9,000.00	
2020-2024	\$8,000.00	
2015-2019	\$7,200.00	

- 3.02 <u>Commencement of Rent</u>: Rental payments as provided above shall be payable on but not before the commencement date of the Lease as determined in Section 2.02 hereof.
- 3.03 Adjustment of Rent: In January, beginning on January I, 2020, the rent set forth in subsection 3.01 above shall be adjusted by applying to the rent the applicable during past preceding five-year period, the percentage of increase or decrease in the Consumer Price Index published by the Bureau of Labor Statistics, U S Department of Labor for "all items" for Houston, Texas (or other applicable U S Departments should the Department of Labor discontinue the same), provided, however, that any rent increase under this

- plans and specifications are to be submitted to LESSOR for approval, which approval shall not be unreasonably withheld.
- 4.02 <u>Indemnity</u>: LESSEE shall include in all construction contracts entered into by it, in connection with any or all of the construction work, a provision requiring the contractor and any subcontractor to indemnify, hold harmless, defend and insure Jefferson County, its officials, agents and employees against the risk of death, injury, or damage to persons or property, arising out of or in connection with the performance of any or all such construction work. LESSEE shall require the contractor to furnish liability insurance including contractual indemnity coverage in an amount not less than the maximum dollar amount of recovery permitted against a county by the Texas Tort Claims Act as it now exists or may be hereafter amended.
- 4.03 <u>Workmanship</u>: The LESSEE further covenants that all construction works to be performed by it or its contractor, including all workmanship or materials shall be of first class quality.
- 4.04 <u>Utility Connections</u>: LESSEE, at its own expense, shall construct utility connections such as it may desire from utility lines or pipelines in existence on the Complex property or from outside the Complex, following existing roads or easements, unless express authority for deviation from existing roads or easements is given to it by the Commissioner's' Court. The deviation authority and additional easements will be granted by LESSOR, if needed by the LESSEE to achieve economy or convenience. If other property is subsequently leased by LESSOR to other tenants m the vicinity who choose to extend existing utility lines provided by this LESSEE to other property so leased, the subsequent tenants shall have the right to do so at their sole cost and expense, but LESSOR covenants that it will require each subsequent tenant, as a condition to the extension of the utility lines, to pay to present LESSEE a pro rata share of the original cost of extending utilities from present utility lines to the premises. However, the right of any subsequent tenant to extend utility lines is further conditioned that the extension will not impair the capability and capacity of the line as used by the present LESSEE.

- 4.05 <u>Certificate of Completion</u>: When the construction herein above provided for has been completed, the LESSEE shall, within a reasonable time thereafter, deliver to LESSOR a certificate of LESSEE's architect that the construction has been completed in compliance with all laws, ordinances and governmental rules, regulations and orders.
- 4.06 Proof of Payment: All improvements shall be free and clear of all mechanics' and other liens and from liability arising from the construction of said improvements, and LESSEE shall, upon demand, furnish to LESSOR full and satisfactory evidence in writing of the area of such improvements, the actual cost of such improvements and of the payment therefor, the value of such improvements immediately after construction, and that said improvements are free and clear of all mechanics' and other liens and from liability thereto arising from the construction.

SECTION 5: USE OF PREMISES

- 5.01 Refuse and Trash: No refuse or trash shall be kept, stored or allowed to accumulate on the demised premises. LESSEE shall provide, at its sole cost and expense, necessary arrangements for adequate sanitation, handling and disposal from the premises of all trash, garbage and other refuse which results from tenants' business operations, including receptacles for the deposit of such trash, garbage and other refuse.
- 5.02 Outside Storage Prohibited: Storage of vehicles, equipment, supplies or any other items outsider of the building(s) is prohibited. For the purpose of this provision, the term "storage" shall mean the placing of vehicles, equipment, supplies or any other items outside the building and which vehicles, equipment, supplies or any other items that do not serve as an actual day-to-day business function.
- 5.03 <u>Permitted Uses</u>: The LESSEE shall have the privilege of using, subject to the terms and conditions herein, the premises for the operation of a commercial baseball/softball academy, including all services normally connected therewith, including a concession

counter to service the academy. LESSEE may not use the premises for any other purpose without the prior written consent of the LESSOR.

5.04 <u>Illegal Use Prohibited</u>: LESSEE shall not use or permit the use of the premises in any manner that results in waste of the premises or constitutes a nuisance or violates any statute, ordinance, rule or regulation applicable to the premises or for any illegal purpose.

SECTION 6: TITLE

- Representation as to Use and Zoning: LESSOR makes no warranty or representation of any kind concerning the condition of the leased premises or its fitness for the use intended by LESSEE, or of its zoning, and hereby disclaims any personal knowledge with respect to these matters, it being expressly understood by the parties to this Lease that LESSEE has personally inspected the leased premises, knows its condition, finds it fit for its intended use, accepts it AS IS, and has ascertained that it can, under existing ordinances, be used for the purposes set forth in and limited by this Lease. LESSEE expressly understands and agrees that with respect to the leased premises there are no express or implied warranties, and all warranties are excluded, including but not limited to, any warranties of quality, merchantability, and suitability or fitness for a particular purpose.
- 6.02 Lessee's Estate: Title to all improvements constructed by LESSE shall vest and remain in LESSEE during the original term of thus Lease and LESSE shall be entitled to any and all investment tax credits generated by reason of construction, installation, and operations on the premises. Subject to the rights of LESSEE's mortgage (as provided in subsection 6.03 and elsewhere herein) and to LESSEE's right of reimbursement to the extent set out in subsection 13.02, title to improvements shall pass to and vest in the LESSOR upon the effective date of a cancellation or termination of this Lease. LESSEE shall have the right at any time prior to or subsequent to the construction of improvements to mortgage its leasehold estate in the premises and the improvements, and to assign its interest in this Lease to any mortgage who shall have advanced funds to the

LESSEE under any loan, the proceeds of which have been used for the construction of the improvements or to refinance loans for the construction of improvements. Any mortgagee claiming under the LESSEE shall have the rights and privileges hereinafter set forth.

Lessee's Mortgage: In the event LESSEE shall mortgage the leasehold estate and the 6.03 improvements or assign this Lease to any mortgagee who shall have advanced funds for the purposes described in the preceding subsection 6.02, such mortgagee may give written notice of its mortgagee's interest to the LESSOR at LESSOR's address shown herein. Thereafter, LESSOR, prior to taking any action to cancel or terminate the Lease, shall give to the mortgagee the same notices that are required to be given to the LESSEE prior to cancellation or termination, and if notice 1s required to be given to the LESSEE, then a written notice to the mortgagee shall be given of the event or events which are alleged to be the basis of the right to cancel or terminate. The mortgagee shall have the right (a) to cure the default of the LESSEE, and (b) at its election, to foreclose its lien or security interest in the leasehold estate and improvements and this Lease and to sell such leasehold estate and improvements (and LESSEE's interest m this Lease) at public or private sale, whereupon the purchaser shall succeed to all rights of the LESSEE hereunder. The mortgagee shall be accorded a reasonable period of time in which to cure the default, taking into account the nature of the LESSEE's default, and a reasonable period of tune in which to effect foreclosure, taking into account the statutory requirements for foreclosure of its lien or security interest. Further, if LESSEE shall default under the terms of its mortgage, the mortgagee shall likewise have the rights and power of foreclosure and sale as are set out in the preceding preceding portions of this subsection 6.03. The LESSOR agrees to execute such documents as may be requested by the LESSEE or the LESSEE's mortgagee to provide LESSEE with the ability to meet requirements for obtaining secured financing, provided that such documents do not render LESSOR liable for the payment of LESSEE's indebtedness or encumber LESSOR's remainder interest.

SECTION 7: INSURANCE

- 7.01 Insurance on Buildings and Improvements: At all times during the term of this Lease, LESSEE shall keep all buildings and other improvements located or being constructed on the leased premises insured against loss or damage by fire and other hazards in a Texas All-Risk form, with extended coverage and special extended coverage endorsement and loss by flood (if required by LESSOR) and the insurance shall be earned by insurance companies authorized to transact business in Texas, selected by LESSEE and approved by LESSOR. The insurance shall be paid for by LESSEE and shall be in amounts not less than 80% of the replacement cost of the buildings and other improvements (or in the case of flood insurance, the maximum amount available if 80% of replacement cost exceeds said maximum). The hazard insurance policy providing coverage hereunder shall name both LESSOR and LESSEE as the named insureds, as their interest may appear. All insurance proceeds shall be paid to LESSOR and held by LESSOR to be disbursed in accordance with the later provisions of thus Lease.
- 7.02 <u>Liability Insurance</u>: At all times during the term of this Lease, including the construction phase, LESSEE, or its contractors or subcontractors, shall provide and keep in force and effect, liability insurance covering LESSOR and LESSEE for liability for property damage and personal injury. This insurance shall be carried by one or more insurance companies duly authorized to transact business m Texas, selected by LESSEE and approved by LESSOR, and the premiums shall be paid for by LESSEE. This insurance shall protect LESSOR and LESSEE against liability to any employees and servants of LESSEE and to any other person or persons whose property damage or personal injury arises out of or in connection with LESSEE's occupation, use, or condition of the leased premises as defined in section 1.01above. The insurance policies shall provide coverage as follows:

(1) Worker's Compensation Insurance

- (a) Amount Statutory
- (b) Employer's Liability \$500,000/\$500,000/\$500,000

- (2) <u>General Liability</u> \$500,000 combined single limit for bodily injury and property damage Each occurrence
 - \$1,000,000 General aggregate
 - \$1,000,000 Products completed operations aggregate
 - \$ 500,000 Personal and advertising liability
 - \$ 50,000 Fire damage (any one fire)
 - \$ 5,000 Medical expense (any one person)

Policy must be an "occurrence" policy on ISO 1986 form or its equivalent, without any restrictions or deletions of coverage, and this must be indicated on the certificate of insurance

If policy is other than on ISO 1986 form, it must be on an "occurrence" form and provide the following coverages which are so indicated on the certificate of insurance

- 1 Operations Liability
- 2 Products and/or Completed Operations Coverage
- 3 Blanket X, C, U Coverage
- 4 Broad Form Blanket Contractual Coverage
- 5 Broad Form Property Damage
- 6 Include the Broad Form General Liability Endorsement
- (3) <u>Waiver of Subrogation</u>: Endorsement waiving subrogation in favor of LESSOR and its subsidiaries, affiliates, employees, officers, directors, consulting engineers, attorneys and agents, on Workers' Compensation, General Liability, Automobile, Liquor Liability (if any) and Umbrella policies Must be noted on certificate of insurance in force
- (4) <u>Additional Insured</u>: Endorsement of General Liability, Automobile, Liquor Liability (if any) and Umbrella policies naming LESSOR, its employees, officers,

commissioners, directors, consulting engineers, attorneys and agents as additional insureds. Additional insureds must be identified as such on the certificate of insurance. The insurance afforded the additional insureds is primary insurance. If the additional insured has other insurance which is applicable to the loss, it will be excess or contingent basis. The amount of the company's liability under this policy shall not be reduced by the existence of such other insurance.

(5) Detail of LESSOR, its Independent Contractor, or Subcontractor Standard Coverage Where this standard coverage is greater or broader than that required above, the above stated coverages and limits are not deemed to be a limitation on or a limit of liability and are not a representation by LESSOR that the above insurance is all that should be obtained nor that said insurance is sufficient to protect LESSOR, or its independent contractors or subcontractors

In addition, there will be furnished, by LESSEE's contractor, to LESSOR, an Owner's Protective Liability Policy naming LESSOR as insured in an amount not less than Bodily Injury \$500,000 each occurrence, \$1,000,000 aggregate, and property damage \$100,000 each occurrence, \$100,000 aggregate, and insuring liability due to the use of premises upon which this contract is performed as well as liability due to operations performed by Contractor and the general supervision of same

- 7.03 Failure to Maintain Insurance: If at any time during the term of this Lease, the LESSEE fails to maintain the aforesaid insurance, the LESSOR shall be entitled, at its option, to obtain any or all insurance. In such an event, the LESSOR shall be reimbursed by the LESSEE for all costs and expenses associated with obtaining such insurance upon thirty (30) days written notice from the LESSOR to the LESSEE.
- 7.04 <u>Completed Operations and Contractual Liability</u>: The General Liability and Umbrella policies of insurance so required by this paragraph shall include completed operations

insurance and contractual liability insurance covering LESSEE's and contractor's indemnity obligations as hereinafter provided.

- 7.05 Insurance Policies to Provide Waiver of Rights: LESSOR and LESSEE intend that all policies purchased in accordance with this Lease Agreement will protect LESSOR, LESSEE, and all other persons or entries listed as insureds or as additional insureds in such policies, or certificates of insurance, and will provide primary coverage for all losses and damages caused by the perils covered thereby. All such policies shall contain provisions to the effect that in the event of payment of any loss or damage the insurers shall not have rights or recovery against any of the insureds or additional insureds named in the policies.
- 7.06 Certificates of Insurance: LESSEE and its contractor shall deliver to LESSOR, upon the execution of this Lease Agreement, with copies to each other insured or additional insured identified herein, certificates of insurance (and other evidence of insurance requested by LESSOR or any named insured or additional insured) which LESSEE or the Contractor is required to purchase and maintain in accordance with this agreement. Such certificates of insurance shall each provide that LESSOR be provided with at least thirty (30) days written notice prior to any cancellation, non-renewal, or material modification of any of the insurance coverage described therein. LESSEE shall provide additional certificates of insurance as set out above from time to time so that at all times while this Lease Agreement is in effect LESSEE shall have in LESSEE's possession an insurance certificate or certificates complying with the terms of this subsection 7.06 indicating that the insurance coverages required by this Lease Agreement are in full force and effect. If required by the documents evidencing or securing any leasehold mortgage permitted hereunder creating any lien or liens on the leasehold interest of LESSEE hereunder, the insurance policy or policies providing hazard insurance coverage under subsection 7.01 above shall name the Leasehold Mortgagee (as such term is hereinafter defined) holding such leasehold mortgage as loss payee in a standard noncontributory mortgagee's clause. In addition, LESSEE shall carry any additional insurance coverage which may at any time or from time to time be required by applicable law. At any time and from time to

time, the LESSOR may request the LESSEE provide LESSOR certified copies of any of the insurance policies providing insurance required to be provided by LESSEE under this Lease Agreement, and LESSEE shall provide the same to LESSOR within twenty (20) days after such request, each such certification shall be by the insurance company issuing such policy and shall state that such policy is a true and correct copy of the original policy.

7.07 Waiver of Subrogation: Anything in this Lease to the contrary notwithstanding, the parties hereto hereby waive to the extent permitted by their respective insurance earners and to the extent of any insurance proceeds received by such parties, any and all rights of recovery, claims, actions, or causes of action, against each other, their agents, officers, directors, partners, and employees, for any loss or damage that may occur to the leased premises, or any improvements thereto, or personal injury or death of any person by reason of fire, the elements, or other origin, including negligence of the parties hereto, their agents, officers, directors, partners and employees, provided, however, that nothing contained herein shall reduce, limit or affect the liability of LESSEE under the indemnity contained in subsection 8,01 hereof

SECTION 8: INDEMNIFICATION

8.01 The parties contemplate that lessee, its servants, agents, employees, invitees, licensees or independent contractors shall from time to time enter the leased premises and, as a part of the consideration hereof, it is agreed that such entry or entries shall be at the sole risk of lessee, and lessee agrees to and does hereby expressly assume all risk associated with the use of the leased premises (including entry into activities on and exit from the leased premises) and assumes all legal duties and liabilities of lessor as the owner of the leased premises, regardless of condition or cause, with respect to its servants, agents, employees, invitees, licensees and independent contractors

for good and valuable consideration, lessee agrees to protect, indemnify, save, and hold harmless lessor and its elected officials, partners, members, officers, directors, judges,

commissioners, shareholders, employees, agents and affiliates (collectively the "indemnified parties" and individually the "indemnified party") from and against any and all claims, damages, losses, liens, causes of action, suits, judgments and expenses, including but not limited to court costs, reasonable attorneys' fees and costs of discovery and investigation (the "liabilities") arising or resulting in any manner, in whole or in part. directly or indirectly, (1) from the conduct or lessee's operations, (2) from any work, construction, repairs, maintenance, other action or omission, done or suffered to be done on or about the leased premises, by lessee, its agents, employees, independent contractors or others, (3) from any condition of or defect in the leased premises or in any improvements, equipment, vehicles or pipelines now or hereafter located thereon or thereunder, regardless of whether hidden or obvious, or disclosed or undisclosed by any indemnified party, (4) from any breach or default on the part of lessee in the performance of any covenant or agreement under the terms of this lease, whether or not acted upon or waived by any indemnified party, (5) from damages to or claims of damage by lessor due to any activity, or(6) from any violation of or failure to satisfy any legal requirement related to lessee's operations (collectively the "indemnified matters")

lessee's indemnity shall apply to all liabilities from the indemnified matters even if resulting from or caused by the sole, joint or concurrent negligence of an indemnified party however, any liabilities resulting solely from the gross negligence or willful misconduct of an indemnified party are specifically excluded from such indemnity

for purposes of these indemnities, the liabilities shall be deemed to include actual and consequential damages, fines and penalties of any kind

The indemnified parties shall have the right, but not the duty, to participate in the defense of any claim or litigation with attorneys of their choice in case any action or proceeding be brought against an indemn1fied party, lessee, upon notice from the indemnified party, covenants to resist or defend such action or proceeding by counsel reasonably satisfactory to the indemnified party an indemnified party may employ its own counsel and lessee shall pay the indemnified party the cost thereof the. Covenants by lessee to indemnify the

indemnified parties provided in this contract shall survive the termination of this contract with respect to any liabilities, regardless of whether asserted prior to or following termination and based upon, arising from or traceable to (in whole or in part) any of the indemnified matters described above

The terms of this agreement shall not in anyway limit any rights the indemnified party may have against lessee under any law, whether in effect at the time of execution or created or recognized after such date

SECTION 9: GOVERNMENTAL AND OTHER REQUIREMENTS

- 9.01 <u>Licenses</u>: The LESSEE shall procure from all governmental authorities having jurisdiction of the operations of the LESSEE hereunder, all licenses, franchises, certificates, permits of other authorizations as may be necessary for the conduct of its operations. LESSOR will cooperate with LESSEE in this endeavor.
- 9.02 Lessor's Remainder Interest: The LESSEE agrees that it shall not enter into any contracts of a type which would permit a lien or liens to become attached to the remainder interest of Jefferson County, or suffer or permit a lien or liens to be imposed or attached to the leasehold interest, provided, LESSEE shall have the right, upon posting security satisfactory to the County, to contest the amount or legality of any lien attached to or levied against the leasehold interest.
- 9.03 Non-Discrimination: The LESSEE assures that it will undertake an affirmative action program as required by 14 Code of Federal Regulations (CFR) Part 152, Subpart E, to ensure that no person shall on the grounds of race, creed, color, national origin, or sex be excluded from participating in any employment activities covered in 14 CFR Part 152, Subpart E. The LESSEE assures that no person shall be excluded on these grounds from participating in or receiving the services or benefits of any program or activity covered by this subpart. The LESSEE assures that it will require that its covered sub organizations provide assurance to the LESSEE that they similarly will undertake affirmative action

programs and that they will require assurances from their sub organizations, as required by 14 CFR Part 152, Subpart E, to the same effect

SECTION 10: MAINTENANCE AND REPAIR

10.01 Lessee's Maintenance Obligations: LESSEE shall at all times keep in a clean orderly condition and appearance the premises and improvements thereon, equipment and personal property. LESSEE shall maintain, repair, replace and paint all or any part of the improvements on the premises including therein, without limitations thereto, walls, partitions, floors, ceilings, columns, windows, doors, glass of every land, fixtures, systems for the furnishing of a fire alarm, fire protection, sprinkler, sewage, drainage and telephone service, including lines, pipes, mams, wires, conduits, and other equipment connected with or appurtenant to all such systems at its own expense as necessary. LESSOR shall have the right to enter upon the premises at reasonable times, in a manner which does not materially interrupt LESSEE's business, for the purpose of inspection, to determine LESSEE's compliance with LESSEE's obligation under this Section 10.

10.02 Enforcement Rights: If LESSEE fails to perform its obligations under subsection 10.01, LESSOR shall have the right to give written notice to the LESSEE specifying the deficiencies in maintenance. If within 30 days after receipt of such notice, LESSEE does not make arrangements for the curing of such deficiencies in maintenance, LESSOR shall have the right to enter the premises and perform the necessary maintenance, the cost of which shall be borne by the LESSEE.

SECTION 11: UTILITIES

11.01 LESSEE shall pay all costs and charges for utility services requested by and furnished to the LESSEE during the term hereof. LESSEE shall, however, have the right to connect to any and all storm and sanitary sewers and water and utility outlets located on or adjoining property of the LESSOR. The LESSEE shall pay for all cost and expense attendant to

such connections, but no charge shall be assessed by the LESSOR for the right to make such connections.

SECTION 12: INGRESS AND EGRESS

12.01 LESSEE and approved sublessee, and their contractors, suppliers of materials and furnishers of services, and employees and invitees shall have the right of ingress and egress between the premises and the public rights-of-way outside the Complex by means of existing access roads, the same to be used in common with others having rights of passage within the Complex, provided that the Complex may from time to time substitute other means of ingress and egress which shall be reasonably equivalent to the means now provided. The use of such roadways shall be subject to reasonable rules and regulations established by the Complex.

SECTION 13: CANCELLATION BY LESSEE

- 13.01 Lessee's Right to Cancel: This Lease shall be subject to cancellation, at the option of LESSEE, upon default of LESSOR in the performance of any covenant or agreement herein required to be performed by LESSOR and the failure of LESSOR to remedy such default for a period of thirty (30) days after receipt from LESSEE of written notice to remedy the same. LESSEE may exercise its right of cancellation by written notice to LESSOR at any time after the lapse of the applicable periods of time. This Lease shall then terminate as of the termination date specified by LESSOR in such notice.
- 13.02 <u>Amounts Payable Upon Cancellation by Lessee</u>: In the event this Lease is canceled by LESSEE pursuant to LESSEE's rights under this Section 13, rental due shall be payable only to the date of termination, and the LESSOR shall pay to LESSEE liquidated damages computed as follows:
 - (a) The liquidated damages shall be the cost of the fixed improvements less 1% of the cost for each year or partial year elapsed since the substantial completion of the improvements.

- (b) With respect to original improvements, depreciation shall commence on the date LESSEE certifies to LESSOR that such improvements have been completed in accordance with plans and specifications. As to improvements thereafter constructed by LESSEE, depreciation, for this purpose, shall commence on the date that LESSEE certifies to LESSOR that such subsequently constructed improvements have been completed.
- (c) Actual construction cost shall be approved in writing by the LESSOR within 15 days after submission by the LESSEE.

Upon payment by LESSOR to LESSEE of liquidated damages; as computed above, LESSEE shall have no further estate in the improvements and LESSOR shall have the exclusive right thereto.

13.03 <u>Lessee's Option to Remove</u>: In lieu of liquidated damages provided in subsection 13.02 hereof, LESSEE may, at its option, remove the improvements.

SECTION 14: CANCELLATION BY LESSOR

- 14.01 <u>Events of Cancellation</u>: This Lease shall be subject to cancellation at the option of the LESSOR upon occurrence of any of the following events:
 - (a) Failure of LESSEE to pay rent as herein provided within thirty (30) days after LESSOR shall have given LESSEE written notice of such default
 - (b) The permanent abandonment of the premises by the LESSEE
 - (c) Default by LESSEE in the performance of any of the covenants and conditions required herein (except rental payments) to be kept and performed by the LESSEE, if such default continues, without a good faith attempt by LESSEE to remedy the default, for a period of thirty (30) days after receipt of written notice from LESSOR specifying the default
 - (d) Any other event specifically named in this Lease which affords LESSOR the right to cancel

- 14.02 Method of Cancellation: LESSOR may exercise such right to cancellation by written notice to LESSEE at any time after the lapse of the applicable periods of time and thus Lease shall terminate as of the termination date specified by LESSOR in such notice.
- 14.03 Lessor's Rights Upon Cancellation: In the event LESSOR cancels this Lease, all rental due hereunder to the date of termination shall be payable by the LESSEE to the LESSOR, and the LESSOR, at its option, may take possession of the premises, as well as all improvements, buildings and fixtures constructed or installed by LESSEE on the leased premises, subject to any Mortgagee's rights.

SECTION 15: ATTORNEY'S FEES

15.01 In any action brought by either party against the other for enforcement of the terms of this Lease, the prevailing party shall be entitled to recover reasonable attorney's fees in addition to such other relief as may be awarded.

SECTION 16: COMPLEX EXPANSION AND RELOCATION

- 16.01 <u>Complex Expansion</u>: In the event LESSOR requires the premises for expansion or development of the Complex, LESSOR reserves the right, upon six (6) months' written notice to LESSEE, to relocate or replace LESSEE's improvements in substantially the same form acceptable to the LESSEE at another comparable location on the Complex acceptable to the LESSEE. The replacement facility shall be completed prior to relocation so that there is no interruption of LESSEE's business operation.
- 16.02 Option in Event of Relocation: In the event a relocation of improvements is required by the LESSEE under subsection 16.01 above, LESSEE shall have the option, in lieu of accepting such relocated premises, to cancel this Lease prior to the commencement of construction of relocation facilities, in which event LESSEE shall be entitled to the liquidated damages provided in subsection 13.02.

SECTION 17: ASSIGNEMENT OR SUBLEASE

17.01 LESSEE shall not assign this Lease or sublet all or any portion of the premises without the prior written consent of LESSOR, which consent shall not be unreasonably withheld. However, LESSOR's consent shall not be required for any (a) assignment of subletting to an affiliate or subsidiary of the LESSEE, or (b) the assignment or subletting to any mortgagee or to a purchaser from any mortgagee at foreclosure.

SECTION 18: MISCELLANEOUS

- 18.01 Other Instruments: Upon request of either party, the LESSOR and the LESSEE will execute a recordable short form lease evidencing that the premises have been demised to the LESSEE and a recordable instrument evidencing the term of this Lease and its commencement date shall have been determined.
- 18.02 <u>Paragraph Headings</u>: The paragraph headings contained herein are for convenience and reference and are not intended to define or limit the scope of any provision of this Lease.
- 18.03 <u>Notices</u>: Notices to LESSOR, provided for herein shall be sufficient if sent by Registered or Certified Mail, postage prepaid, addressed to:

Jefferson County Judge Jefferson County Courthouse, 4th Floor 1149 Pearl Street Beaumont, Texas 77701

And notices to said LESSEE, if sent by Registered or Certified Mail, postage prepaid, addressed to:

Golden Triangle Sports Academy, LLC 4320 Christina Court Beaumont, Texas 77706 And such to other addresses as the parties may designate to each other in writing from time to time.

- 18.04 <u>Successors and Assigns</u>: All of the terms, covenants and agreements herein contained shall be binding upon and shall insure to the benefit of successors and assigns of the respective parties hereto.
- 18.05 <u>Termination of Lease</u>: This Lease shall terminate at the end of the full term hereof.

 Upon such termination, LESSEE shall have no further right or interest in any of the land hereby demised or in any improvements thereon.
- 18.06 Available Tax Exemptions: LESSOR authorizes LESSEE to obtain all available tax credits and exemptions, including, but not limited to, sales tax exemption for purchase of materials. LESSOR agrees to cooperate and allow LESSEE to obtain sales and use tax exemption. LESSOR agrees that, prior to using LESSOR's name for sales and use tax exemption, it will obtain appropriate authorization from the Comptroller of the State of Texas.

EXECUTED in triplicate originals as of the date first above written.

LESSOR

JEFFERSON COUNTY, TEXAS

Bv:

COUNTY II INGE

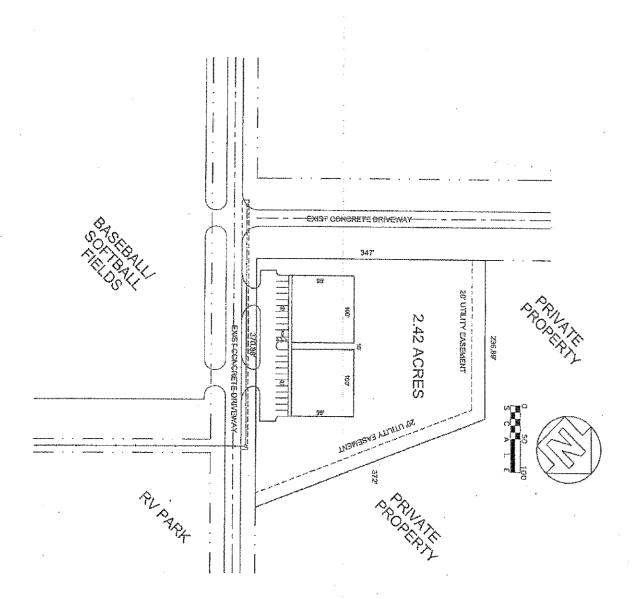
DATE

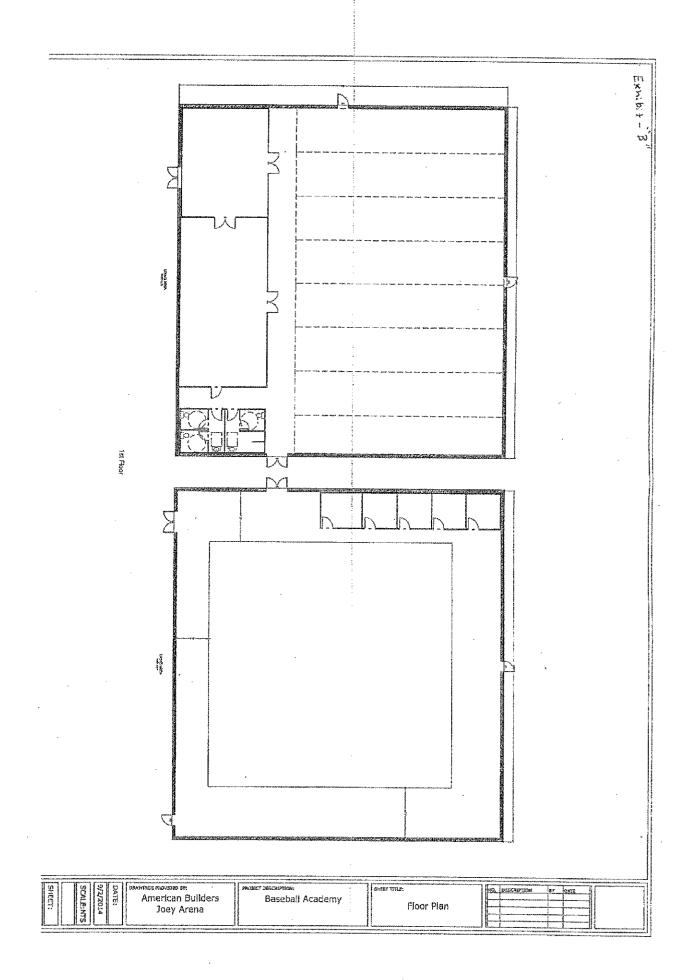
LESSEE

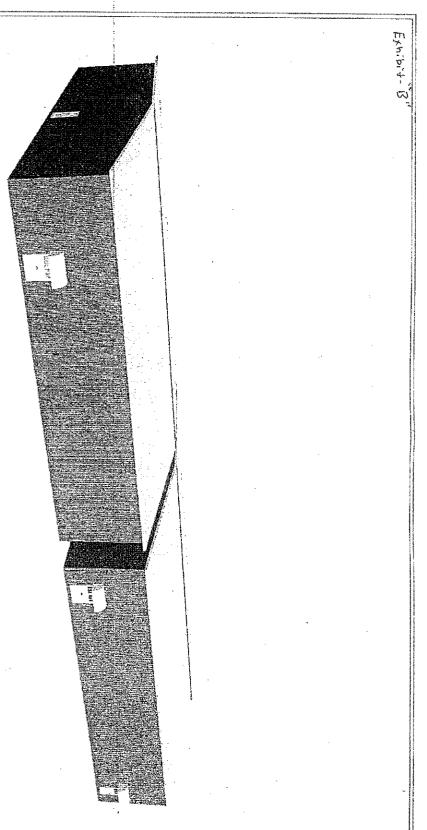
GOLDEN TRIANGLE SPORTS

ACADEMY, LLC

By: Buck K. Tulling BRIAN K. TILLERY MEMBER







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TO S S B CONNECTED BY:	PROJECT DESCRIPTION: ASSET SITES NO. DESCRIPTION OF DATE	
American Builders Joey Arena	Baseball Academy Elevations	
		y

Food & Beverage Inventory (Items Over \$10,000.00)

(RFP 16-011/JW)

Addendum 1 - Attachment

Ford Park

a			Arch	Total	2014	2015	2015	2015
Vendor	Location	Amount	Fee	Cost	Net Value	Deprec Exp	Acc. Depr	Net Value
		_						
Strategic Equipment	Amphitheater	308,142.00	18,489	326,631	76,214	21,775	272,192	54,438
Kommercial Kitchens	Softball	32,544.35	1,953	34,497	8,049	2,300	28,748	5,750
Kommercial Kitchens	Arena	331,855.50	20,687	352,543	95,971	23,503	280,075	72,468
				-				
Total		672,542	41,128	713,670	180,234	47,578	581,014	132,656

Kitchen Equipment

15 Year Life

Date of Service FY 02 Softball

Date of Service 4/1/2003 Amphitheater

Date of Service 11/1/2003 Arena