

FACILITY MANAGEMENT AGREEMENT

between

CITY OF LAREDO

and

SPORTS FACILITIES MANAGEMENT, LLC

Dated: _____, 2025

FACILITY MANAGEMENT AGREEMENT

THIS FACILITY MANAGEMENT AGREEMENT (the "Agreement") is made and entered into this __ day of _____, 2024 (the "Effective Date"), by and between the City of Laredo, a Texas municipal government, (the "Owner") and Sports Facilities Management, LLC, a Florida limited liability company (the "Manager").

RECITALS

WHEREAS, Owner owns the infrastructure, buildings, parking, lighting, sports playing surfaces, sports equipment, and all other hard assets associated with the athletic complex as the same exist now or may exist in the future including improvements related thereto specifically located at or near Lomas Del Sur in Laredo, Texas, as the same exist now or may exist in the future, known as the "Buena Vista Sports Complex " or any other name that may be identified in the future ("Facility");

WHEREAS, Manager has expertise in providing management services for athletic complex facilities throughout the United States;

WHEREAS, Owner and Manager desire for Sports Facilities Management, LLC to open, operate, and manage the Facility subject to the terms and conditions set forth herein;

NOW THEREFORE, in consideration of the promises and covenants herein contained and other good and valuable consideration, the receipt of which is hereby acknowledged, Owner and Manager agree as follows:

ARTICLE 1 DEFINITIONS

1.1. **Definitions.** For purposes of this Agreement, the following terms have the meanings referred to in this Section:

Affiliate: A person or company that directly or indirectly, through one or more intermediaries, controls or is controlled by, or is under common control with, a specified person or company.

Agreement: The "Agreement" shall mean this Management Agreement, together with all exhibits attached hereto (each of which are incorporated herein as an integral part of this Agreement), as amended, supplemented or restated from time to time.

Capital Expenditures: All expenditures for building additions, alterations, repairs or improvements and for purchases of additional or replacement furniture, machinery, or equipment, where the cost of such expenditure is greater than Five Thousand Dollars (\$5,000) and the depreciable life of the applicable item is, according to generally accepted accounting principles, in excess of five (5) years.

Commercial Rights: Naming rights, pouring rights, advertising, sponsorships, the branding of food and beverage products for resale and memorial gifts at or with respect to the Facilities.

Early Termination Fee: The term "Early Termination Fee" shall have the meaning ascribed to such term in Section 4.3(a) of this Agreement.

Effective Date: "Effective Date" shall have the meaning ascribed to such term in the preamble of this Agreement.

Emergency Repair: The repair of a condition which, if not performed immediately, creates an imminent danger to persons or property and/or an unsafe condition at the Facility threatening persons or property.

Event of Force Majeure: An act of God, fire, earthquake, hurricane, flood, riot, civil commotion, terrorist act, terrorist threat, storm, washout, wind, lightning, landslide, explosion, epidemic, inability to obtain materials or supplies, accident to machinery or equipment, any law, ordinance, rule, regulation, or order of any public or military authority stemming from the existence of economic or energy controls, hostilities or war, a labor dispute which results in a strike or work stoppage affecting the Facility or services described in this Agreement, or any other cause or occurrence outside the reasonable control of the party claiming an inability to perform and which by the exercise of due diligence could not be reasonably prevented or overcome.

Existing Contracts: Service Contracts, Revenue Generating Contracts, and other agreements relating to the day-to-day operation of the Facilities existing as of the Effective Date.

Facility: The "Facility" shall have the meaning ascribed to such term in the Recitals to this Agreement.

FF&E: Furniture, fixtures and equipment to be procured for use at the Facilities.

General Manager: The employee of Manager acting as the full-time on-site general manager of the Facilities.

Laws: Means all applicable laws, statutes, rules, regulations and ordinances.

Management-Level Employees: The General Manager, Marketing Manager, Operations Manager, Finance Manager, Food & Beverage Manager and Sports Programming Manager.

Manager: The term "Manager" shall have the meaning ascribed to such term in the Recitals to this Agreement.

Operating Account: A separate interest-bearing account in the name of the Owner at a licensed bank, to be designated by the Owner, where Revenue is deposited and from which Operating Expenses are paid.

Operating Budget: A line-item budget for the Facility that includes a projection of Revenues and Operating Expenses, presented on a monthly and annual basis.

Operating Expenses: All expenses incurred by Manager in connection with its operation, promotion, maintenance and management of the Facilities, including but not limited to the following:

(i) employee payroll, bonuses and benefits (including payments to any national benefit system, relocation costs, termination costs (including severance costs and payments in lieu of termination), and related costs, (ii) cost of operating supplies, including general office supplies, (iii) advertising, marketing, group sales, and public relations costs, (iv) cleaning expenses, (v) data processing costs, (vi) dues, subscriptions and membership costs, (vii) the Fixed Management Fee, (viii) printing and stationary costs, (ix)

postage and freight costs, (x) equipment rental costs, (xi) minor repairs, maintenance, and equipment servicing, not including expenses relating to performing capital improvements or repairs, (xii) security expenses, (xiii) telephone and communication charges, (xiv) travel and entertainment expenses of Manager employees, (xv) cost of employee uniforms and identification, (xvi) exterminator and trash removal costs, if applicable (xvii) computer, software, hardware and training costs, (xviii) parking expenses, (xix) utility expenses, (xx) office expenses, (xxi) audit and accounting fees, (xxii) legal fees, (xxiii) all bond and insurance costs, including but not limited to personal property, general liability, professional liability and worker's compensation insurance, (xxiv) commissions and all other fees payable to third parties (*e.g.* commissions relating to food, beverage and merchandise concessions services and commercial rights sales), (xxv) cost of complying with any Laws, (xxvi) costs incurred by Manager to settle or defend any claims asserted against Manager arising out of its operations at the Facilities on behalf of Owner; (xxvii) loss, costs, damage, liability and any other obligations arising under or incurred under Service Contracts and other agreements relating to Facility operations, and (xxviii) Taxes. The term "Operating Expenses" does not include debt service on the Facility, Capital Expenditures or any Incentive Fees (all of which shall be the responsibility of the Owner).

Operating Year: Each twelve (12) month period during the Term, commencing on October 1 and ending on September 30, provided that the first Operating Year shall be a shortened year commencing on June 1, 2025 and ending on September 30th of that year and the last Operating Year shall be a shortened year, ending upon the expiration of this Agreement.

Operations Manual: The document has been developed by Manager, which shall contain terms regarding the management and operation of the Facility including detailed policies and procedures to be implemented in operating the Facility, as agreed upon by both the Owner and the Manager.

Owner: The term "Owner" shall have the meaning ascribed to such term in the Recitals to this Agreement.

Payroll Account: A separate account in the name of Manager at a licensed bank through which all Facility staff and other personnel employed by Manager (including related payroll taxes), or engaged by Manager as an independent contractor, are paid.

Pre-Opening: Time period prior to the Grand Opening and beginning of events, programs and activities operations, and during which the facility is being constructed and the business development, operational preparations, and organizational development is taking place.

Recruitment Fee: The term "Recruitment Fee" shall have the meaning ascribed to such term in Section 6.4 of this Agreement.

Regulatory Approvals: All applicable governmental or regulatory approvals, authorizations, consents, licenses or permits.

Revenue: All revenues generated by Manager's operation of the Facility, including but not limited to event ticket proceeds income, rental and license fee income, merchandise income, gross food and beverage income, gross income from any sale of Commercial Rights, gross service income, equipment rental fees, box office income, and miscellaneous operating income, but shall not include event ticket proceeds held by Manager in trust for a third party and paid to such third party.

Revenue Generating Contracts: Vendor, concessions and merchandising agreements, user/rental

agreements, booking commitments, licenses, and all other contracts or agreements generating revenue for the Facility and entered into in the ordinary course of operating the Facility.

Service Contracts: Agreements for services to be provided in connection with the operation of the Facility, including without limitation agreements for consulting services, ticketing, web development and maintenance, computer support services, FF&E purchasing services, engineering services, electricity, steam, gas, fuel, general maintenance, HVAC maintenance, telephone, staffing personnel including guards, ushers and ticket-takers, extermination, elevators, stage equipment, fire control panel and other safety equipment, snow removal and other services which are deemed by Manager to be either necessary or useful in operating the Facility.

Taxes: Any and all governmental assessments, franchise fees, excises, license and permit fees, levies, charges and taxes, of every kind and nature whatsoever, which at any time during the Term may be assessed, levied, or imposed on, or become due and payable out of or in respect of, (i) activities conducted on behalf of the Owner at the Facility, including without limitation the sale of concessions, the sale of tickets, and the performance of events (such as any applicable sales and/or admissions taxes, use taxes, excise taxes, occupancy taxes, employment taxes, and withholding taxes), or (ii) any payments received from any holders of a leasehold interest or license in or to the Facility, from any guests, or from any others using or occupying all or any part of the Facility.

Term: The term "Term" shall have the meaning ascribed to such term in Section 4.1 of this Agreement.

ARTICLE 2 SCOPE OF SERVICES

2.1 Engagement.

(a) Owner hereby engages Manager during the Term to act as the sole and exclusive manager and operator of the Facility, subject to and as more fully described in this Agreement, and, in connection therewith, to perform the services described herein and in Exhibits A and B attached hereto.

(b) Manager hereby accepts such engagement, and shall perform the services described herein, subject to the limitations expressly set forth in this Agreement.

2.2 Limitations on Manager's Duties. Manager's obligations under this Agreement are contingent upon and subject to the Owner making available, in a timely fashion, the funds budgeted for and/or reasonably required by Manager to carry out such obligations during the Term. Manager shall not be considered to be in breach or default of this Agreement and shall have no liability to the Owner or any other party, in the event Manager does not perform any of its obligations hereunder due to failure by the Owner to timely provide such funds.

ARTICLE 3 COMPENSATION

3.1 Management Fees. In consideration of Manager's performance of its services hereunder, Owner shall pay Manager those payments as further set forth in Exhibit B attached hereto.

ARTICLE 4

TERM; TERMINATION

4.1 **Term.** The term of this Agreement (the "Term") shall begin on the Effective Date and, unless sooner terminated pursuant to the provisions of Section 4.2 below, shall continue for a base period of three (3) years, with an option to renew for an additional two (2) years, subject to funding availability and approval by the Laredo City Council.

4.2 **Early Termination.** This Agreement may be terminated by Owner or Manager, with or without cause, at any time by providing the other party with written notice on or before the date such terminating party wishes to terminate this Agreement (the "Termination Date").

(a) For Owner's Convenience: Owner shall have the right to terminate this Agreement with or without cause, at any time by providing ninety (90) days' notice to Manager.

(b) For Manager's Convenience: Manager shall have the right to terminate this Agreement with or without cause, at any time by providing ninety (90) days' notice to Owner.

(c) Upon termination or expiration of this Agreement for any reason, (i) Manager shall promptly discontinue the performance of all services hereunder, (ii) the Owner shall promptly pay Manager all fees due Manager up to the date of termination or expiration (subject to proration if the Term ends other than at the end of the Operating Year), (iii) Manager shall make available to the Owner all data, electronic files, documents, procedures, reports, estimates, summaries, and other such information and materials with respect to the Facilities as may have been accumulated by Manager in performing its obligations hereunder, whether completed or in process, and (iv) without any further action on part of Manager or Owner, the Owner shall, or shall cause the successor Facility manager to, assume all obligations arising after the date of such termination or expiration, under any Service Contracts, Revenue Generating Contracts, booking commitments and any other Facility agreements entered into by Manager in furtherance of its duties hereunder. Notwithstanding the foregoing, Manager is under no duty to provide certain proprietary confidential materials or intellectual property to the Owner, including but not limited to national benchmarking formulas, key performance indicators reports, employee manuals, employee training materials, employee performance evaluations, financial forecasting formulas, Manager's internal databases or contact lists, Manager's operations manuals, and/or other intellectual property developed by and maintained by the Manager and which it may use in its regular course of business to provide services to clients similar to Owner. Any obligations of the parties that are specifically intended to survive the expiration or termination of this Agreement shall survive the expiration or termination hereof.

ARTICLE 5

OWNERSHIP; USE OF THE FACILITY

5.1 **Ownership of Facility, Data, Equipment and Materials.** The Owner will at all times retain ownership of the Facilities, including but not limited to real estate, technical equipment, furniture, displays, fixtures and similar property, including improvements made during the Term, at the Facility. Any data, equipment or materials furnished by Owner to Manager or acquired by Manager as an Operating Expense shall remain the property of Owner and shall be returned to Owner when no longer needed by Manager to perform under this Agreement. Notwithstanding the above, Owner shall not have the right to use any third-party software licensed by Manager for general use by Manager at the Facility and other facilities managed by Manager, the licensing fee for which is proportionately allocated and charged to the Facility as an Operating Expense; such software may be retained by Manager upon expiration or termination hereof. Furthermore, Owner recognizes that the Operations Manual to be developed and used by Manager hereunder is proprietary to Manager and shall belong to Manager at the end of the Term; Owner shall not use or maintain

copies thereof upon the end of the Term.

5.2 **Right of Use by Manager.** The Owner hereby gives Manager the right and license to use the Facility for the Term, and Manager accepts such right of use, for the purpose of performing the services herein specified, including the operation and maintenance of all physical and mechanical facilities necessary for, and related to, the operation, maintenance and management of the Facility. The Owner shall provide Manager with a sufficient amount of suitable office space in the Facility (exact office space to be mutually agreed by the parties) and with such office equipment as is reasonably necessary to enable Manager to perform its obligations under this Agreement. In addition, the Owner shall make available to Manager, at no cost, parking spaces adjacent to the Facility for all of Manager's full-time employees and for the Facility's event staff.

5.3 **Right of Use of Staff by Manager.** Manager shall have the right to utilize its employees as needed to support manager's organization as a whole, including but not limited to travel for training and temporary staffing coverage. Manager shall have the right to utilize the Facility to host events for its employees from time to time for the purpose of learning and development, at no cost to the operational budget other than that incurred by the staff who are regularly stationed at the Facility.

5.4 **Observance of Agreements.** The Owner agrees to pay, keep, observe, and perform all payments, terms, covenants, conditions, and obligations under any leases, bonds, debentures, loans, and other financing and security agreements to which the Owner is bound in connection with its ownership of the Facility.

5.5 **Right of Use by Owner.** The Owner shall have the right to use the Facility for up to six (6) events annually at no rental charge. The City will reimburse the Manager for any direct costs associated with City events, including but not limited to utilities, staffing, and setup. These reimbursements will be paid from the Sports Complex Fund. The Owner agrees to refrain from scheduling events that conflict with Manager's previously scheduled events.

5.6 **Inspection by Owner.** The Owner shall have the right at any time to inspect the Facility each year to ensure that the Facility is being maintained in good working condition. Manager may not prohibit Owner or the owner's representative from entering the premises for the purpose of inspecting and/or improving the facility.

ARTICLE 6 PERSONNEL

6.1 **Generally.** All Facility staff and other personnel shall be engaged or hired by Manager in its sole discretion, except that Owner shall preapprove the employment of Management-Level Employees (as defined in Section 1.1 herein), and shall be employees, agents or independent contractors of Manager, and not of the Owner. Manager shall select employees, in its sole discretion but subject to Owner's right to approve the Operating Budget. The Operating Budget shall define the number, function, qualifications, and compensation, including salary and benefits, of its employees and shall control the terms and conditions of employment (including without limitation termination thereof) relating to such employees. Manager agrees to use reasonable and prudent judgment in the selection and supervision of such personnel. Owner specifically agrees that Manager shall be entitled to pay its employees, as an Operating Expense, bonuses and benefits in accordance with Manager's then current employee manual, which may be modified by Manager from time to time in its sole discretion. However, the parties agree that no bonuses shall be paid within the first two years of this agreement.

6.2 **General Manager and Management-Level Employees.** Personnel engaged by Manager will include a full-time on-site General Manager and other Management-Level Employees. Hiring of the General Manager by Manager require the prior approval of the Owner, which approval shall not be unreasonably withheld or delayed; provided, however, in the event of a vacancy in the General Manager position, Manager may, upon notice to the Owner, temporarily fill such position with an interim General Manager for up to ninety (90) days without the necessity of obtaining the Owner's approval. The General Manager will have general supervisory responsibility for Manager and will be responsible for day-to-day operations of the Facility, supervision of employees, and management and coordination of all activities associated with events taking place at the Facility.

6.3 **Work Environment.** Employees will be required to work to the standards outlined in the most current version of Manager's employee handbook. Owner shall not require employees of Manager to vary from those employment standards either directly, or indirectly through impacting decisions, including but not limited to not funding the correct staffing level, not providing safe work tools and a safe work environment, or an environment inconsistent with Manager's values.

6.4 **Post-Termination Employment.** In the event of termination, or in any case where Owner, and/or its affiliated agencies or entities, expresses an interest in hiring Manager's employee(s), Manager shall reserve the right to agree or deny such a request. In the event that Manager elects to permit Owner to hire Manager's employee(s), Owner shall provide the Manager with a one-time fee (the "Recruitment Fee") equal to six (6) months' gross salary and benefits. In any of these events described, the Manager's employee would not retain the Manager's intellectual material in any future employment.

ARTICLE 7 ACCOUNTS

7.1 **Operating Account.** Manager shall establish and maintain a separate, dedicated Operations Account at a federally insured financial institution for the exclusive purpose of receiving and disbursing funds related to the day-to-day operations of the Facility. This account shall be used solely for operational expenses incurred in the ordinary course of managing the facility, including, but not limited to, maintenance, utilities, supplies, and other approved expenditures necessary to ensure the continued and efficient operation of the facility. The Manager shall provide the Owner with monthly statements of the Operations Account, along with supporting documentation for all disbursements, upon request or at regular intervals as specified by the Owner.

7.2 **Deposit Account.** Manager shall establish and maintain a separate, dedicated Deposit Account to receive all revenue generated by the Facility, including but not limited to fees, ticket sales, concessions, rentals, and sponsorships. All facility-related income shall be deposited into the Deposit Account no later than the close of the next business day following receipt. The Deposit Account shall not be used for the payment of expenses and shall serve solely as the initial holding account for all incoming funds. The Manager shall maintain accurate records of all deposits and provide the Owner with itemized monthly deposit reports and access to account activity upon request.

7.3 **Personnel Account.** Manager shall establish and maintain a separate Personnel Account for the sole purpose of disbursing payroll and related employee compensation for staff employed at the Facility. This account shall be funded by transfers from the Operations Account, based on an approved budget and staffing plan. The Personnel Account shall be used exclusively for wages, salaries, benefits, and applicable payroll taxes or deductions. The Manager shall ensure compliance with all applicable labor laws and regulations and shall furnish the Owner with quarterly payroll reports, including detailed breakdowns of disbursements and employee classifications, upon request or at regular intervals as required by the Owner.

7.4 **Handing of Income/Revenue.** Except as otherwise agreed to by the parties in writing, all revenue derived from the operation of the facility shall be deposited by the manager into a deposit account as soon as practicable upon receipt (but not less often than each business day). The specific procedures for making deposits to and withdrawals from any account shall be set forth in the Operations Manual, but the parties specifically agree that Manager shall have the authority to sign checks and make withdrawals from such accounts, subject to the limitation contained in this agreement, without needing to obtain the co-signature of a Owner employee or representative. The Owner will have access and visibility to all accounts owned by the Facility.

ARTICLE 8 FUNDING

8.1 **Source of Funding.** Manager shall pay all items of expense for the operation, maintenance, supervision and management of the Facility from the funds in the Operating Account, which Manager may access periodically for this purpose. The Operating Account shall be funded with amounts generated by operation of the Facility (as described in Article 7 above), or otherwise made available by the Owner. To ensure sufficient funds are available in the Operating Account, Owner will deposit in the Operating Account, on or before the Effective Date, the budgeted or otherwise approved expenses for the month beginning on the Effective Date. The Owner shall thereafter, on or before the first (1st) day of each succeeding month following the Effective Date, deposit (or allow to remain) in the deposit Account the budgeted or otherwise approved expenses for each such month. Manager shall have no liability to the Owner or any third party in the event Manager is unable to perform its obligations hereunder, or under any third-party contract entered into pursuant to the terms hereof, due to the fact that sufficient funds are not made available to Manager to pay such expenses in a timely manner.

8.2 **Advancement of Funds.** Under no circumstances shall Manager be required to pay for or advance any of its own funds to pay for any Operating Expenses. In the event that, notwithstanding the foregoing, Manager agrees to advance its own funds to pay Operating Expenses, Owner shall promptly reimburse Manager for the full amount of such advanced funds, as long as Owner approved of the advancement of said funds. Owner will advance one month of operating funds at a time. A minimum working capital balance must be maintained in the Facility Operating Account at all times. The Owner shall fund such working capital as necessary to maintain that balance.

ARTICLE 9 FACILITY CONTRACTS; TRANSACTIONS WITH AFFILIATES

9.1 **Existing Contracts.** The Owner shall provide to Manager, on or before the Effective Date, full and complete copies of all Existing Contracts. Manager shall administer and use reasonable commercial efforts to assure compliance with such Existing Contracts to the extent provided to Manager.

9.2 **Execution of Contracts.** Manager shall have the right to enter into Service Contracts, Revenue Generating Contracts and other contracts related to the operation of the Facility, as agent on behalf of the Owner. Any such material agreements shall contain standard indemnification and insurance obligations on the part of each vendor, licensee or service provider, as is customary for the type of services or obligations being provided or performed by such parties. Manager shall comply with all procurement laws set out in the Texas Local Government Code, local ordinances, and city policies.

9.3 **Transactions with Affiliates.** In connection with its obligations hereunder relating to the purchase or procurement of services for the Facility (including without limitation food and beverage services, ticketing services and Commercial Rights sales), Manager may purchase or procure such services, or otherwise transact business with, an Affiliate of Manager, provided that the prices charged and services rendered by such Affiliate are competitive with those obtainable from any unrelated parties rendering

comparable services. Manager shall, if requested by Owner, provide reasonable evidence establishing the competitive nature of such prices and services, including if appropriate, competitive bids from other persons seeking to render such services at the Facility.

ARTICLE 10

AGREEMENT MONITORING AND GENERAL MANAGER

10.1 **Contract Administrator.** Each party shall appoint a contract administrator who shall monitor such party's compliance with the terms of this Agreement. Manager's contract administrator shall be its General Manager at the Facility, unless Manager notifies Owner of a substitute contract administrator in writing. Owner shall notify Manager of the name of its contract administrator within thirty (30) days of execution hereof. Any and all references in this Agreement requiring Manager or Owner participation or approval shall mean the participation or approval of such party's contract administrator.

ARTICLE 11

INSURANCE

11.1 **Types of Coverage; Certificates of Insurance.** Manager and Owner agree to obtain insurance coverage in the following manner and amount. Owner and Manager shall within 30 days after the Effective Date furnish to the other party certificates of all of the insurance as well as certificates of renewal no later than ten (10) days prior to the expiration of each policy. Such insurance policies (as reflected by current certificates) held by Manager shall provide that the Additional Insureds are listed as additionally named insureds on the policies. The Commercial General Liability policy (as reflected by a current certificate) held by Owner shall provide that Manager is listed as additionally named insured on the policy. Manager will provide reasonable notice to Owner upon receipt of any intention by Insurer to cancel, not renew or make any adverse change in coverage. All certificates, cancellation, nonrenewal or adverse change notices shall be mailed to the respective addresses listed in the definition of Additional Insured, or at such other address as an Additional Insured shall give Manager written notice. New Certificates of Insurance are to be provided to the Additional Insureds at least 15 days after coverage renewals. If requested by the Owner, Manager shall furnish complete copies of insurance policies, forms and endorsements.

11.2 **Owner's Policies.** Owner shall be responsible for obtaining and administering insurance in connection with the Facility as follows:

(a) **Property Insurance.** Owner shall also procure and maintain fire and extended coverage casualty insurance, and (if appropriate) flood insurance, regarding the Facility in amounts and with companies acceptable to Owner in its sole discretion.

(b) **Commercial General Liability.** Owner shall procure and maintain, at the Owner's sole expense, a Commercial General Liability policy with a combined single limit of \$1,000,000 per occurrence and a general annual aggregate limit of \$3,000,000. All such insurance shall be on an "occurrence" basis.

11.2 **Manager's Policies.** Manager shall be responsible for obtaining and administering insurance in connection with the Facility as follows:

(a) **General Liability.** Manager shall procure and maintain as a Facility Operating Expense a general liability policy (including contractual liability insurance, including an umbrella policy, and including hired, non-owned auto coverage, and abuse and molestation coverage) which insures Manager and which includes Owner as an additional named insured, with a general liability policy (including contractual liability insurance) with a combined single limit of \$1,000,000 per occurrence and a general annual aggregate

limit of \$3,000,000. All such insurance shall be on an occurrence basis.

(b) Professional Liability. Manager shall procure and maintain, as a Facility Operating Expense, a professional liability policy,

(c) Workers Compensation. Manager shall procure and maintain as a Facility Operating Expense worker's compensation insurance required under applicable Texas state law.

ARTICLE 12

COVENANTS AND REPRESENTATIONS

12.1 **Owner's Covenants and Representations.** Owner makes the following covenants and representations to Manager, which covenants, and representations shall, unless otherwise stated herein, survive the execution and delivery of this Agreement:

(a) Owner's Status. Owner is a municipal government duly organized, validly existing, and in good standing under the laws of the State of Texas with full power and authority to enter into this Agreement and execute all documents required hereunder.

(b) Authorization. The making, execution, delivery, and performance of this Agreement by Owner has been duly authorized and approved by requisite action and this Agreement has been duly executed and delivered by Owner and constitutes a valid and binding obligation of Owner, enforceable in accordance with its terms and applicable laws.

(c) Effect of Agreement. To Owner's best knowledge, without duty of inquiry, neither the execution and delivery of this Agreement by Owner nor Owner's performance of any obligation hereunder:

(i) will constitute a violation of any law, ruling, regulation, or order to which Owner is subject; or (ii) shall constitute a default of any term or provision or shall cause an acceleration of the performance required under any other agreement or document (A) to which Owner is a party or is otherwise bound, or (B) to which the Facility or any part thereof is subject.

(d) Ownership Rights. Owner shall obtain and retain the property interests in the Facility necessary to enable Manager to perform its duties pursuant to this Agreement peaceably and quietly. Owner represents and warrants that Manager's performance of the services required by this Agreement shall not violate the property rights or interests of any other Person.

(e) Documentation. If necessary to carry out the intent of this Agreement, Owner agrees to execute and provide to Manager, on or after the Effective Date, any and all other instruments, documents, conveyances, assignments, and agreements which Manager may reasonably request in connection with the operation of the Facility.

12.2 **Manager's Covenants and Representations.** Manager makes the following covenants and representations to Owner, which covenants, and representations shall, unless otherwise stated herein, survive the execution and delivery of this Agreement:

(a) Corporate Status. Manager is a limited liability company duly organized, validly existing, and in good standing under the laws of the State of Florida and authorized to transact business throughout the United States with full corporate power to enter into this Agreement and execute all documents required hereunder.

(b) Authorization. The making, execution, delivery, and performance of this Agreement by Manager has been duly authorized and approved by all requisite action of the board of directors of Manager, and this Agreement has been duly executed and delivered by Manager and constitutes a valid and binding obligation of Manager, enforceable in accordance with its terms and applicable laws.

(c) Effect of Agreement. To Manager's best knowledge, without duty of inquiry, neither the execution and delivery of this Agreement by Manager nor Manager's performance of any obligation hereunder (i) will constitute a violation of any law, ruling, regulation, or order to which Manager is subject; or (ii) shall constitute a default of any term or provision or shall cause an acceleration of the performance required under any other agreement or document to which Manager is a party or is otherwise bound.

12.3 Indemnification.

(a) Indemnification by Manager. Manager agrees to defend, indemnify and hold harmless the Owner and its officials, directors, officers, employees, agents, successors and assigns against any claims, causes of action, costs, expenses (including reasonable attorneys' fees) liabilities, or damages (collectively, "Losses") suffered by those parties, arising out of or in connection with any (i) grossly negligent act or omission, or willful misconduct, on the part of Manager or any of its employees or agents in the performance of its obligations under this Agreement; or (ii) breach by Manager of any of its representations, covenants or agreements made herein. or willful misconduct, on the part of Owner or any of its employees or agents in the performance of its obligations under this Agreement; or (ii) breach by Owner of any of its representations, covenants or agreements made herein.

(b) Conditions to Indemnification. With respect to each separate matter brought by any third party against which a party hereto ("Indemnitee") is indemnified by the other party ("Indemnitor") under this Section, the Indemnitor shall be responsible, at its sole cost and expense, for controlling, litigating, defending and/or otherwise attempting to resolve any proceeding, claim, or cause of action underlying such matter, except that (a) the Indemnitee may, at its option, participate in such defense or resolution at its expense and through counsel of its choice; (b) the Indemnitee may, at its option, assume control of such defense or resolution if the Indemnitor does not promptly and diligently pursue such defense or resolution, provided that the Indemnitor shall continue to be obligated to indemnify the Indemnitee hereunder in connection therewith; and (c) neither Indemnitor nor Indemnitee shall agree to any settlement without the other party's prior written consent (which shall not be unreasonably withheld or delayed). In any event, Indemnitor and Indemnitee shall in good faith cooperate with each other and their respective counsel with respect to all such actions or proceedings, at the Indemnitor's sole expense. With respect to each and every matter with respect to which any indemnification may be sought hereunder, upon receiving notice pertaining to such matter, Indemnitee shall promptly (and in no event more than ten (10) days after any third-party litigation is commenced asserting such claim) give reasonably detailed written notice to the Indemnitor of the nature of such matter and the amount demanded or claimed in connection therewith.

(c) Survival. The obligations of the parties contained in this Section shall survive the termination or expiration of this Agreement.

ARTICLE 13 MISCELLANEOUS

13.1 Relationship. Manager and Owner shall **not** be construed as joint venturers or general partners of each other, and neither shall have the power to bind or obligate the other party except as set forth in this Agreement. Manager understands and agrees that the relationship to Owner is that of independent contractor, and that it will not represent to anyone that its relationship to Owner is other than that of independent contractor. Nothing herein shall deprive or otherwise affect the right of either party to own, invest in, manage or operate property, or to conduct business activities, which are competitive with the

business of the Facility. Manager covenants and agrees that even though it may have a management responsibility for other similar properties, which from "time to time" may be competitive with the Facility, Manager shall always represent the Facility fairly and deal with Owner on an equitable basis.

Manager has the right to display its brand and marks in the Facility and on the Facility's marketing materials in a manner that does not exceed 10% of the overall impression of the Facility's own brand. Manager has the right to use and store the database and contact information of the customers of the Facility. Manager will provide from time-to-time images and other marketing material that it owns and holds the license to for use by the Facility. Owner agrees not to use those images and that material in any manner outside of the operation of the Facility while Manager is engaged to operate it. Manager has the right to use images and marks from the Facility for its own marketing and promotions material in perpetuity, without restriction.

13.2 **Representations.** Owner represents and warrants: (i) that Owner has full power and authority to enter this Agreement; (ii) that to the best of Owner's knowledge, the property on which the Facility is located is zoned for the intended use; (iii) that all permits for the operation of the Facility have or will be secured and are or will be current; (iv) that the Facility and its operation do not violate any applicable statutes, laws, ordinances, rules, regulations, orders, or the like (including, but not limited to, those pertaining to hazardous or toxic substances); and (v) that no unsafe condition exists.

13.3 **Assignment.** This Agreement shall not be assigned by either party without the express written consent of the non-assigning party. Any such assignment made without proper consent shall be deemed void.

13.4 **Benefits and Obligations.** The covenants and agreements herein contained shall inure to the benefit of and be binding upon the parties hereto and their respective heirs, executors, successors, and assigns.

13.5 **Building Compliance.** Manager does not assume and is given no responsibility for compliance of the Facility or any equipment therein with the requirements of any building codes or with any statute, ordinance, law, or regulation of any governmental body or of any public authority or official thereof having jurisdiction, except to notify Owner promptly, or forward to Owner promptly, any complaints, warnings, notices, or summonses received by Manager relating to such matters. Owner represents that to the best of Owner's knowledge, the Facility and all such equipment contained therein comply with all such requirements.

13.6 **Notices.** All notices provided for in this Agreement shall be in writing and served by registered or certified mail, return receipt requested, postage prepaid, at the following addresses until such time as written notice of a change of address is given to the other party:

If to Owner:

City of Laredo
Attention: Joseph W. Neeb—City Manager
City Hall
1110 Houston Street
Laredo, Texas 78040

With a copy to:

If to Manager:

Sports Facilities Management, LLC

Attention: Jason Clement, Manager
17755 US Hwy 19 N. #300
Clearwater, FL 33764
Email: jclement@sportsfacilities.com

with a copy to:

Bruce Rector
General Counsel
Sports Facilities Management, LLC
17755 US Hwy 19 N. #300
Clearwater, FL 33764
Email: brector@sportsfacilities.com

13.7 **Owner Responsible for Payments.** Upon termination of or withdrawal from this Agreement, Owner shall assume the obligations of any contract or outstanding bill executed by Manager under this Agreement for and on behalf of Owner and responsibility for payment of all unpaid bills, provided that such obligation has been approved by Owner as set forth in Section 6.1.

13.8 **Headlines.** All headings and subheadings employed within this Agreement and in the accompanying schedules and exhibits are inserted only for convenience and ease of reference and are not to be considered in the construction or interpretation of any provision of this Agreement.

13.9 **Force Majeure.** Any delays in the performance of any obligation of Manager under this Agreement shall be excused to the extent that such delays are caused by wars, national emergencies, natural disasters, strikes, labor disputes, utility failures, governmental regulations, riots, adverse weather, and other similar causes not within the control of Manager and any time periods required for performance shall be extended accordingly.

13.10 **Entire Agreement.** This Agreement, including any specified attachments, constitutes the entire agreement between Owner and Manager with respect to the management and operation of the Facility and supersedes and replaces any and all previous management agreements entered into or/and negotiated between Owner and Manager relating to the Facility covered by this Agreement. No change to this Agreement shall be valid unless made by supplemental written agreement executed and approved by Owner and Manager. Except as otherwise provided herein, any and all amendments, additions, or deletions to this Agreement shall be null and void unless approved by Owner and Manager in writing. Each party to this Agreement hereby acknowledges and agrees that the other party has made no warranties, representations, covenants, or agreements, express or implied, to such party, other than those expressly set forth herein, and that each party, in entering into and executing this Agreement, has relied upon no warranties, representations, covenants, or agreements, express or implied, to such party, other than those expressly set forth herein.

13.11 **Rights Cumulative; No Waiver.** No right or remedy herein conferred upon or reserved to either of the parties to this Agreement is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given under this Agreement or now or hereafter legally existing upon the occurrence of an event of default under this

Agreement. The failure of either party to this Agreement to insist at any time upon the strict observance or performance of any of the provisions of this Agreement, or to exercise any right or remedy or be construed as a waiver or relinquishment of such right or remedy with respect to subsequent defaults. Every right and remedy given by this Agreement to the parties may be exercised from "time to time" and as often as may be deemed expedient by those parties.

13.16 **Applicable Law.** The execution, interpretation, and performance of this Agreement shall in all respects be controlled and governed by the laws of the State of Texas. Any civil action or legal proceeding arising out of or relating to this Agreement shall be brought in the courts of record of the State of Texas in Webb County. Each party consents to the sole and proper jurisdiction of such court in any such civil action or legal proceeding and waives any objection to the laying of venue of any such civil action or legal proceeding in such court.

13.17 **Acknowledgement.** The parties hereto acknowledge that they have been provided with a copy of this Agreement for review prior to signing it, that they have been given the opportunity to review it prior to signing it, that they have been given the opportunity to have this Agreement reviewed by their attorney prior to signing it, and that they understand the purposes and effect of this Agreement.

13.18 **Severability.** If any provision or provisions of this Agreement shall be held to be invalid or unenforceable, such invalidity or unenforceability shall not affect any other provisions of this Agreement, and this Agreement shall be construed and enforced as if such provision or provisions had not been included.

13.19 **Intellectual Property.** Owner acknowledges that Manager has certain intellectual property, trade secrets and proprietary business techniques ("Intellectual Property ") that it will on behalf of Owner to meet its obligations under this Agreement. Owner acknowledges that it obtains no ownership rights whatsoever in the Intellectual Property and, upon termination of this Agreement, Manager shall retain all rights to the Intellectual Property and remove such Intellectual Property from the Facility and its operations. For purposes of this Agreement, the term Intellectual Property shall include, without limitation, analytical tools and documented procedures for forecasting, performance tracking, operational and marketing systems that are unique to Manager's approach, staff training programs, program curriculum and agendas, rights to certain discounts or programs that Manager has negotiated for Manager-operated facilities, and other intellectual property which Manager has previously introduced to the Facility and of which Manager is an author.

[SIGNATURE PAGE TO FOLLOW]

IN WITNESS WHEREOF, the parties have caused this Agreement to be executed as of the day and year first above written.

Attest:

OWNER:
CITY OF LAREDO
a Texas municipal government

Print Name:

BY: _____

Its _____

Attest:

MANAGER:
SPORTS FACILITIES MANAGEMENT, LLC,
a Florida limited liability company

Print Name:

BY: _____

Jason Clement
Its Manager

EXHIBIT A

SCOPE OF SERVICES

The Manager shall be responsible for the full operation, scheduling, maintenance, marketing, staffing, and programming of the Buena Vista Sports Complex ("Facility") in accordance with the provisions outlined in this Agreement.

1. General Responsibilities:

- (a) Develop and implement annual business and marketing plans for the Facility.
- (b) Schedule and manage all field usage, tournaments, rentals, and other revenue-generating activities.
- (c) Coordinate with the City regarding community access and City-sponsored events.
- (d) Maintain all Facility components in a safe, clean, and operational condition.
- (e) Submit quarterly reports and an annual summary to the City detailing event activity, revenues, expenses, and sponsorships.

2. City-Sponsored Event Access. The City shall be allowed up to six (6) event uses of the Facility annually, not to exceed thirty (30) total days. While the City will not pay a facility rental fee, it will reimburse the Manager for all direct expenses incurred in connection with such uses, including staffing, utilities, and event support, through the Sports Complex Fund.

3. Annual Financial and Operational Milestones:

- (a) Year 1 – Facility Launch & Ramp-Up:
 - i. Hire and onboard full management team and staff.
 - ii. Finalize operational policies and launch community outreach.
 - iii. Host a minimum of three (3) major events.
 - iv. Secure at least one (1) local sponsorship.
 - v. Submit baseline financial projections.
- (b) Year 2 – Programming Expansion:
 - Host six (6) or more tournaments.
 - Secure \$50,000+ in sponsorship revenue.
 - Submit first audited financial report.
 - City subsidy to be reduced to 75% or lower.
- (c) Year 3 – Revenue Stabilization:
 - Host ten (10) events with $\geq 60\%$ weekend utilization during tournament season.
 - Secure cumulative \$100,000 in sponsorships.
 - Launch facility-led programming (e.g., camps, leagues).
 - City subsidy to be reduced to 50% or lower.
- (d) Year 4 – Positive Net Operations:
 - Achieve break-even Net Operating Income (NOI).
 - Prepare and present long-term reserve and capital replacement plan.
 - City subsidy to be reduced to 25% or lower.
- (e) Year 5 – Full Self-Sufficiency:
 - Fund all operations via earned revenue.
 - Maintain 85%+ event retention rate.
 - Establish and maintain a Facility Reserve Fund.
 - No general operating subsidy from the City (excluding City-sponsored event reimbursements).

These performance milestones align with the Facility Sustainability Plan (Exhibit C) and are incorporated into this Exhibit A to ensure transparency, accountability, and consistent operational expectations throughout the Term of this Agreement.

EXHIBIT B

MANAGER COMPENSATION

During the Term of this Agreement, Manager shall receive compensation from the Owner according to the following:

1. Base Management Fee; _____
2. Sponsorship and Advertising Compensation;
3. Employee Compensation;
4. Reimbursed Expenses; and
5. Future Incentive Eligibility

1. **Base Management Fee.** Beginning on June 1, 2025 the Owner shall pay the Manager equal monthly installments of Twenty-Three Thousand Dollars (\$23,000) per month. The final six (6) installments, totaling \$138,000, shall be due upon executing this Agreement.

2. **Sponsorship and Advertising Compensation.** Until the Facility operates without any City subsidy (as defined in Exhibit C), all revenues derived from sponsorships, advertising, or naming rights shall be deposited into the Facility's Operating Account and used solely to offset operational costs and reduce the City's annual subsidy.

3. **Employee Compensation.** The Owner shall pay the Manager monthly for total Employment Costs, including salaries and benefits for all Management Employees.

4. **Reimbursed Expenses.** The Manager shall be reimbursed for pre-approved travel and business-related expenses with appropriate documentation, payable within 30 days.

5. **Future Incentive Eligibility.** After one full Operating Year of subsidy-free operations, the City may, at its sole discretion and with Council approval, establish a performance-based incentive plan for the Manager.

6. **All Fees Included within Operating Budget.** All fees listed are included in the approved operating budget.

EXHIBIT C

FACILITY

SUSTAINABILITY PLAN

Purpose

This Plan defines the financial and operational path for transitioning the Buena Vista Sports Complex from City-subsidized operations to self-sustainability.

I. Strategic Objectives

- Achieve operational break-even within 5 years.
- Reduce annual City subsidies on a structured schedule.
- Diversify revenue sources.
- Maintain public access and event use.

II. Subsidy Reduction Schedule

Year 1 – Up to 100% subsidy
Year 2 – Up to 75% subsidy
Year 3 – Up to 50% subsidy
Year 4 – Up to 25% subsidy
Year 5 – 0% subsidy (self-sufficient)

III. Annual Milestones

[Aligned with Exhibit A; reference only]

IV. Reporting

- Quarterly financial and performance reports.
- Annual review and comparison to budget.
- Independent audit during the term.

V. Incentive Eligibility

No incentive is available until the Facility operates subsidy-free for one full Operating Year.

VI. Amendments

Modifications to this plan require mutual agreement and Council approval.