

AGREEMENT FOR
PROFESSIONAL MANAGEMENT SERVICES

This Agreement is made the 1st day of July, 2016, by and between The City of Bloomington, IL, an Illinois municipality, with offices at 109 East Olive Street, Bloomington, IL 61701, hereinafter referred to as "CITY", and VENUWORKS of Bloomington, LLC, with offices at 4611 Mortensen Road, Ames, IA 50014, herein after called "VENUWORKS".

RECITALS

WHEREAS, CITY is the Owner of a place of public gathering currently known as the US Cellular Coliseum, located at 101 S. Madison Street in Bloomington, Illinois, consisting of a multi-purpose arena used for sports and entertainment events, (hereinafter referred to as the "Facility"); and

WHEREAS, VENUWORKS is in the business of providing management, programming, operations, food/beverage and marketing services to similar facilities, and possesses the knowledge and expertise to manage and market the Facility; and

WHEREAS, VENUWORKS is a wholly owned subsidiary of VenuWorks, Inc. ("VWI"), and enjoys the benefits of a services contract with VWI for on-going support, guidance and consultation to be provided to VENUWORKS by VWI in the completion of VENUWORKS' responsibilities as defined herein, and;

WHEREAS, the parties entered into a ninety-day contract for professional services effective March 28th, 2016, The Contract for Professional Services, as amended by The First Amendment, dated April 11, 2016, and The Second Amendment, dated April 25, 2016, under which VENUWORKS is currently performing, as an independent contractor for CITY, certain professional services relating to the transition of the management of the Facility to long-term management by VENUWORKS, which Contract and Amendments, and the Scope of Services attached thereto, are hereby incorporated into this Agreement; and,

WHEREAS, CITY is desirous of having VENUWORKS provide said management, programming, operations, food/beverage and marketing services, and VENUWORKS desires to accept such engagement on the terms and conditions set forth herein.

NOW, THEREFORE, in consideration of the mutual promises contained herein and other consideration the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE ONE
RETENTION OF VENUWORKS

CITY hereby retains VENUWORKS as an independent contractor, except in those instances where VENUWORKS is designated to serve as an agent for the CITY, for the purpose of performing the services described in this Agreement. Subject to the terms and conditions set forth herein, VENUWORKS agrees to provide these services in accordance with this Agreement, and consistent with policies approved by CITY. VENUWORKS agrees to use its best efforts to maximize revenues from use of the Facility, including, without limitation, marketing and sales and event production and promotion and otherwise managing the Facility in accordance with this Agreement. In providing these services VENUWORKS shall manage the Facility in accordance with sound business practices and industry standards.

The parties to this Agreement acknowledge that the CITY will retain title and ownership of the Facility and that VENUWORKS will not acquire title to, any security interest in, or any rights of any kind in or to the Facility (or any income, receipts, proceeds or revenues there from).

ARTICLE 2
COMMENCEMENT DATE AND TERM

This Agreement shall be for a term of five (5) years, commencing on July 1, 2016, (the "Commencement Date") and expiring on June 30, 2021. The Agreement may be extended for a five-year renewal period by mutual agreement of the Parties, unless terminated earlier as set forth herein. This Agreement may be terminated, without cause, after three years by the CITY by providing VENUWORKS with notice of such termination by April 1, 2019.

ARTICLE 3

MANAGEMENT AGREEMENT

3.1 Provision of Services. During the term and any renewal term of this Agreement, VENUWORKS shall provide the services set forth in this Article 3.

3.2 Grant to VENUWORKS. During the term of this Agreement, CITY grants to VENUWORKS the exclusive right to manage, market, promote, operate and maintain (as set forth in Exhibit A) the Facility, and the exclusive right to provide food and beverage sales, sponsorship sales, and display advertising sales inside and on the exterior of the Facility.

3.3 VENUWORKS' Responsibilities. Beginning on the Commencement Date, and continuing through the term of the Agreement, VENUWORKS shall assume management responsibilities as set forth below. Where VENUWORKS is required to direct or arrange for services or materials, VENUWORKS shall employ all qualified persons performing such services or shall contract with a third party for the performance of such services.

3.3.1 Marketing and Promotion. VENUWORKS shall direct all marketing activities which shall be undertaken pursuant to industry standard so as to maximize the use of the Facility by all persons, including independent promoters and Affiliates of VENUWORKS so as to provide maximum Revenue, as defined in Paragraph 3.3.14 below for the Facility and accessibility for the community to the Facility. VENUWORKS shall be responsible for ensuring that appropriate events are booked at the Facility and that suitable media coverage is obtained and VENUWORKS shall coordinate such efforts with CITY. In furtherance of this Section 3.3.1, VENUWORKS shall develop a marketing plan on an annual basis which shall be reviewed and approved by the City Manager.

3.3.2 Scheduling. VENUWORKS shall develop and maintain schedules for events held at the Facility and scheduling shall be accomplished in accordance with applicable law, and in a manner to maximize the use of the Facility so as to provide maximum Revenue for the Facility and accessibility for the community to the Facility. VENUWORKS shall use an event rental agreement acceptable in form to the City Manager or his or her designee. The parties understand and agree that VENUWORKS shall be empowered to negotiate event agreements as CITY'S agent, subject to the City Manager's reasonable approval. No contract or agreement may extend the term of this Agreement without the written approval of the

City Manager and including terms within such agreement or contract that make it assignable to the CITY upon request by the City Manager. VENUWORKS may deviate from standard rental rates when such negotiation is deemed by both CITY and VENUWORKS to be in the best interests of the Facility. VENUWORKS shall submit detailed revenue and expense projections for each Event at the Facility to the City Manager, or his or her designee, prior to finalizing the Event and shall obtain the written pre-approval of the City Manager for any Event projected to be a loss. Final event settlements shall be linked back to the projections set forth above and any significant deviations shall be explained in narrative form by VENUWORKS.

3.3.3 Food & Beverage / Merchandise. VENUWORKS shall be responsible for providing the food & beverage services at the Facility and shall not assign such responsibility without the prior written approval by resolution of the City Council. The manager for the catering and concessions will be accountable to VENUWORKS' Facility Executive Director (or his/her designee) for meeting service, quality and financial standards (including the submission of financial statements and budgets) set by the City Manager and keeping concession related equipment in good working order. A complete auditing and accounting of food and beverage sales, as well as any merchandise sales, including sales by cash, check and credit card, as well as all expenses associated with the sale or provision of food and beverage or merchandise, shall be made available to the City Manager within ten calendar days after each event is held at the Facility. The term "merchandise" as used in this Agreement shall mean any novelty, music, clothing, jewelry or non-consumable item sold at an event at the Facility. The Facility, and all equipment therein, shall not be used by VENUWORKS to provide food and beverage services or merchandise sales except for events held at the Facility.

3.3.4 Facility Maintenance. VENUWORKS will be responsible for the performance of all facilities maintenance work as set forth in Exhibit A.

3.3.5 Custodial and Cleaning Services. VENUWORKS shall provide or cause to be provided all routine cleaning and janitorial services at the Facility, and keep the Facility clean and in a presentable manner, including an annual deep clean of the Facility.

3.3.6 Pest Control. VENUWORKS shall direct all necessary pest control services, whether performed by VENUWORKS or a pest control service engaged by VENUWORKS.

3.3.7 Snow & Ice Removal. VENUWORKS shall direct all snow and ice removal services on the pathways and sidewalks adjacent to the Facility as identified on Exhibit B.

3.3.8 Trash Removal. VENUWORKS shall direct removal of all trash from the Facility and agrees that it shall not permit any employee, concessionaire or caterer to place refuse outside the buildings on the Facility, except in designated trash containers, the location of which shall be approved by CITY.

3.3.9 Operational Services VENUWORKS shall direct all services required to stage (set up and tear down) the Facility for each event, including but not limited to, services involving the stage area, sound system, lighting system, stage rigging, dressing area, stage equipment, loading in and loading out. VENUWORKS shall hire and manage all management staff, ticket sales personnel, ushers and other personnel required for the operation of the Facility, including but not limited to, ticket taking, novelty sales, program distributions and assistance to patrons generally, including the handicapped.

3.3.10 Ticket Sales. VENUWORKS shall direct all aspects of ticket sales for events and activities including computerized tickets, utilizing its national contract with Ticketmaster (or another vendor that might be selected at some time in the future in compliance with this Agreement) to provide state of the art equipment and software to the at no cost to the CITY. VENUWORKS will also provide total access to Ticketmaster's digital marketing support. Ticket sales services shall include ordering, selling and accounting for tickets, reporting ticket revenues for a given event for each user of the Facility, cash, check, and credit card processing, complete auditing and accounting for each event, and providing an accounting of the event income and expenses within ten calendar days after each event is held. The CITY will receive 100% of the negotiated ticket contract customer convenience fee share as negotiated by VENUWORKS both now and over the life of this contract. CITY will receive 100% of any facility, parking or other fees charged per ticket. VENUWORKS agrees that the use of comp tickets (i.e., the provision of free admission to an event or providing a ticket with no charge, gratis) is discouraged and any such use shall only be done in accordance with industry standards. At the discretion of the City Manager, a memorandum of understanding may be required on the use of comp tickets.

3.3.11 Security. The following provisions on security shall apply:

- (a) VENUWORKS shall arrange for proper security for all events at the Facility and for general security when events are not in progress. Such security may be provided by VENUWORKS or by a third party contractor. Should VENUWORKS decide to hire 'off-duty' police officers from the Bloomington Police Department (BPD), the BPD and VENUWORKS shall mutually agree on the number of officers hired. Upon request to VENUWORKS, CITY shall have the right to review any and all security plans at the Facility.
- (b) VENUWORKS shall also logistically plan for all events including, but not limited to, arranging on-call emergency medical staff, providing resources to attendees waiting in extreme temperatures, etc. VENUWORKS shall review and coordinate crowd management and traffic control with appropriate local authorities.
- (c) VENUWORKS recognizes that the CITY owns all video surveillance systems located within the Facility. VENUWORKS agrees in advance to not withhold or tamper with the CITY'S ability to obtain video footage for security or safety purposes. One of VENUWORKS' main priorities shall be to host safe events.
- (d) VENUWORKS shall defend, hold CITY harmless and indemnify CITY from any claims associated with the provision of such security.

3.3.12 Licenses and Permits. VENUWORKS shall obtain and maintain all licenses and permits necessary for management and operation of the Facility, subject to any and all applicable procedures for the granting of such licenses and permits, except for those related to the operation of the boilers, elevators and fire alarms at the Facility, which will be the responsibility of CITY.

3.3.13 Revenues; Bank Accounts and Payment of Operating Expenses. In addition to the requirements set forth in this Agreement, VENUWORKS and the City Manager shall develop and approve a Financial Operations Manual that shall govern the financial and accounting practices and standards for operation of the Facility. VENUWORKS shall be responsible for the collection, safeguarding and depositing of all Revenues and payments of all Operating Expenses, as defined in Exhibit C, including payment and remittance of applicable taxes, meaning all taxes that are charged and collected by the Facility as required by federal, state and local law (e.g., amusement tax, sales tax, employment taxes, etc.). Any operating

expenditures greater than \$25,000, excluding event expenses, will be subject to City's procurement policy and municipal code. As used herein, "Revenue" is defined as the total amount received by VENUWORKS or any other person or entity operating on VENUWORKS' behalf, directly or indirectly arising out of or connected with and on behalf of the Facility, including without limitation, transactions for cash, check, money order, wire, ach, credit and credit card sales. VENUWORKS, in cooperation with CITY, shall establish two separate commercial bank accounts. These accounts shall be in the name of VENUWORKS and utilize VENUWORKS' federal identification number. Signatories shall include those individuals as deemed appropriate by VENUWORKS and CITY. The names of the commercial accounts shall be the Operating Account and the Box Office Account. Revenues from the sale of tickets to events at the Facility shall be deposited by VENUWORKS into the Box Office Account. After payment from such ticket sales receipts of all event-related expenses, and within three working calendar days after the end of the event, VENUWORKS shall transfer the remaining event ticket sales receipts to the Operating Account.

All other Revenues generated by use of the Facility and collected by VENUWORKS shall be deposited in the Operating Account. VENUWORKS is authorized to make disbursements from the Box Office Account to promoters or performers in any amount due the performer or promoter as per contracts with them, and to pay budgeted Operating Expenses from the Operating Account. From time to time, VENUWORKS may, with CITY written approval by the City Manager, transfer funds from the Box Office Account to the Operating Account to accommodate cash flow needs of the Facility. CITY shall be authorized at any time to obtain information and records from the bank concerning such accounts and to inspect the same. It shall be an Event of Default, as defined in Section 7.5 of this Agreement, entitling CITY to terminate this Agreement, if VENUWORKS withdraws any money from the Operating Account or the Box Office Account except in accordance with this Agreement or fails to deposit all revenues in the proper accounts or misuses public funds as outlined by applicable laws.

3.3.14 Petty Cash and Change Funds: Petty cash and change funds may be utilized in accordance with written procedures agreed to by VENUWORKS and the City Manager. VENUWORKS and CITY agree that any and all petty cash and change funds shall belong to

CITY. These funds will be returned to CITY at the end of the Term of this Agreement.

3.3.15 Cash Discrepancies: VENUWORKS will be responsible for any cash discrepancies resulting from errors made in making change at cash sale points. Net cash overages at one cashier may not be applied to cash shortages at another cashier.

3.3.16 Staffing: VENUWORKS shall be responsible for supervision and direction of all VENUWORKS personnel staffing at the Facility. All Facility staff will be in the employment of VENUWORKS. All reasonable and customary expenses associated with the employment of staff will be considered operating expenses of the Facility. Pre-employment and relocation expenses and severance packages must be pre-approved by the City Manager. The City Manager, and his/her designees, shall have the right to participate in the recruitment, interviewing and hiring of the Executive Director of the Facility, including the creation of a recruiting task force to work with VENUWORKS in the hiring process. The City Manager shall have the right to approve the selection of the Executive Director and Finance Director of the Facility. VENUWORKS shall work in good faith with the City Manager if any issues arise with the personnel of VENUWORKS. The total annual amount of salaries and all staff related benefits paid by CITY shall be made public and available for inspection. VENUWORKS' operating expenses that are considered proprietary shall only be open to public inspection to the same degree as any other vendor or subcontractor providing services to the CITY or as may be ordered by a court or the Public Access Counselor. However, individual salaries and pay rates for VENUWORKS staff shall not be divulged except as may be ordered by a court or the Public Access Counselor and, upon a request for such information, VENUWORKS shall be solely responsible for defending any refusal to release such information. Nothing herein shall prohibit the City Manager from assigning City staff to do work at the Facility.

3.3.17 Additional Duties. VENUWORKS shall also be required to provide, on a timely basis, ad-hoc information, data, and solutions to issues as may be reasonably requested by CITY, together with such other services consistent herewith as CITY may reasonably require.

3.3.18 Use of CITY Equipment, Furniture, and Fixtures. VENUWORKS will use equipment, furniture and fixtures at the Facility in performance of its obligations hereunder. CITY and VENUWORKS will conduct an inventory of Facility equipment, furniture and fixtures to be used by VENUWORKS during this Agreement. Any City-owned equipment, furniture and

fixtures, to include any concession equipment, disposed of by VENUWORKS shall be done in accordance with the Bloomington City Code. All equipment, furniture and fixtures, or other expense greater than \$5,000 or having a useful life of more than one year will be considered a capital asset and will be tracked and accounted for by Governmental Accounting Standards Board (GASB) and subject to the annual inventory.

- 3.4 Written Powers Reserved to CITY. The City Manager shall have right of prior written approval in connection with the following:
- (a) The Annual Budget, Marketing and Business Plan;
 - (b) Any expenditure for personnel or expenses in excess of those specified budget items that would increase the total approved VENUWORKS' budget amount; and
 - (c) Any booking of events involving risk of CITY funds.
- 3.5 Relationship of Parties. VENUWORKS is an independent contractor of CITY and shall not be deemed to be an employee, joint venturer, agent, or partner of CITY except for those matters which are specifically addressed in this Agreement.
- 3.6 Business Plan. Within thirty calendar days after the date of this Agreement, VENUWORKS shall submit to CITY a complete business plan for the fiscal year ending April 30, 2017 (the "Business Plan") to be adopted by CITY and followed by VENUWORKS. The Business Plan shall be subject to the prior written approval of the City Manager. The Business Plan shall be a marketing plan and a projection of detailed Revenues and Operating Expenses for the fiscal year and shall include an analysis of the basis and assumptions underlying each line item of Revenues and Operating Expenses. VENUWORKS shall submit a Business Plan on an annual basis and shall deliver the same to the City Manager simultaneously with the delivery of the Annual Budget. The Business Plan shall in no way become a performance obligation for either CITY or VENUWORKS but serve as a management blueprint to monitor VENUWORKS' performance.
- 3.7 Relationship with CITY: VENUWORKS shall provide all of its Management Services in a manner which shall ensure full compliance with all CITY requirements and industry standards, as well as in compliance with all local, state and federal laws and regulations.
- 3.8 Memoranda of Understandings. The City Manager and VENUWORKS may enter into

Memoranda of Understanding (MOU) to address operational and management issues on the following subjects: (1) Facility parking; (2) utility payments; (3) operations and interactions involving the facility currently known as the Pepsi Ice Center, located at 201 S. Roosevelt in Bloomington; (4) the ability of other City facilities to utilize the VENUWORKS' national ticketing agreement; (5) control, maintenance and operation of the Zambonis or other shared equipment; and (6) operational issues related to the end of VENUWORKS' tenure operating the Facility, including booking events and/or entering into agreement past the date of term of this or future agreements . Additional MOU's may be executed between VENUWORKS and the City Manager to address operational and management issues that do not counter the material terms of this Agreement.

ARTICLE 4

ANNUAL BUDGET

4.1 Delivery of Budget On a date to be determined by the City Manager each year during the term, VENUWORKS shall submit to the City Manager a proposed annual operating and capital budget for the ensuing year, and if feasible for four future years, detailing all projected Revenues and Operating Expenses by line item, summed by category, and broken down by month, with written explanations and assumptions for each Revenue and Operating Expense line item. The proposed annual operating budget shall include a proposed rent structure for events proposed to take place in the Facility for the ensuing year.

4.2 Review of Budget. The proposed annual operating and capital budget shall be reviewed by the City Manager in accordance with CITY'S budget development schedule. Upon approval by the City Manager, the proposed annual operating and capital budget shall become the final annual budget (the "Annual Budget") for the year. If the City Manager objects to the proposed annual operating and capital budget or any part thereof, VENUWORKS shall be obligated to promptly respond to each such objection and revise the proposed annual budget in connection therewith.

4.3 Revision of Annual Budget. VENUWORKS and the City Manager may revise the Annual Operating and Capital Budget at any time by mutual written agreement. Nothing herein, however, shall limit the City Manager's ability to lower the Annual Budget in the event of an economic downturn or to meet the financial needs of the City.

4.4 Certified Statements. VENUWORKS shall deliver to the City Manager, within twenty calendar days after the end of each calendar month and within forty-five calendar days after the end of each fiscal year, a true and correct statement, certified as true and correct by VENUWORKS' Facility Executive Director, of all Revenues and Operating Expenses of the preceding calendar month and fiscal year, together with any reasonable supporting documentation requested by CITY. The statements shall also include a written explanation by VENUWORKS on any negative budget variances. VENUWORKS shall provide an accounting of each event held at the Facility in said monthly reports for the preceding calendar month. With the exception of artist fees that are considered proprietary information it is acknowledged and agreed said certified statements shall be made public and open for public inspection. The certified statements package will include all detailed reports as described in the VENUWORKS Finance Manual section 14.0 financial statements and listed in Exhibit E of this Agreement.

ARTICLE 5

THE MANAGEMENT FEES

5.1 Base Management Fee. For the period beginning with the Commencement Date, and continuing through year one of the Agreement, CITY shall pay VENUWORKS a base management fee of \$9,500 per month (\$114,000 annually). In subsequent years, the base fee amount shall be increased by a percentage equal to the increase in the Consumer Price Index for the previous year. For clarification, the Consumer Price Index shall be defined as the percentage change in the CPI U index for the Midwest urban Size B/C (50,000 to 1,50,000 population) area as published by the US Bureau of Labor Statistics for the preceding 12 months. In no event, however, shall the increase exceed 3% in a given year. Should the CPI U index have a negative growth rate, base management fees will not increase and will remain the same as the prior contract year. Payments for Base Management Fees will be due to VENUWORKS by the 30th day of the month in which the management fee is earned and in accordance with Section 6.2.

5.2 Variable Management Fee: CITY shall pay to VENUWORKS a Variable Management Fee, over and above the Base Management Fee, equal to;

- 5% of Gross Food & Beverage (F&B) Sales, less taxes and commissions paid to third party concession providers and non-profit organizations. For clarification, Gross F&B Sales will include all food, concessions, beer, liquor, wine, non-alcoholic beverages, and service

charges and gratuities charged at the arena. Examples of this commission are set forth in Exhibit D. The commissions paid hereunder, and all supporting documentation, shall be subject to audit by City. City will receive the remaining net food & beverage sales guaranteed by VENUWORKS to be a minimum of 40% of gross food & beverage sales after cost of goods sold, meaning cost of supplies, food, condiments and other non-payroll, non-overhead related costs of providing food and beverage concessions.

- 5% of Gross Sales from Contractually Obligated Income (COI) streams secured by VENUWORKS, including Advertising, Sponsorship, Pouring Rights, and Naming Rights Revenues. "Gross Sales" will exclude any expenditure required in exchange for COI or any fulfillment costs. The City Manager shall have the right to review and approve the pricing associated with contracts under this provision. VENUWORKS will not collect a COI commission on existing contracts or on contracts where the previous Facility manager has been paid or is owed a commission, but will collect a commission on other new contracts and renewal contracts secured on or after July 1, 2016. No commission shall be paid on trades, club memberships, suite sales, rentals, or sponsorships secured by third-parties. The commissions paid hereunder, and all supporting documentation, shall be subject to audit by the City.
- In no event shall a dual commission ever be paid.
- Examples of the Variable Management Fee are set forth in Exhibit D.

The Variable Management Fee will be due to VENUWORKS by the 30th day of the month following the month in which it was invoiced to City and only after the Revenues were realized. VENUWORKS, as part of the invoicing process, shall also provide documentation supporting the payment of the Variable Management Fee.

5.3 Disincentive Fee: CITY and VENUWORKS will work to establish a mutually agreeable Annual Budget for each fiscal year of the contract term. The first fiscal year will be a "stub-year" beginning on July 1, 2016 and ending on April 30, 2017. The second fiscal year, and all subsequent years will begin on May 1st and end on April 30th. The proposed annual budget shall be reviewed by CITY in accordance with CITY'S budget development schedule. Upon final approval by CITY, the proposed annual budget shall become the final annual budget (the "Annual Budget") for the year. For the fiscal year beginning May 1, 2017 and all subsequent fiscal years, VENUWORKS will be

subject to a disincentive fee as described herein. Should VENUWORKS fail to meet the budgetary target for a given fiscal year, it shall refund the shortfall up to the amount of the total Variable Management Fee as defined above. For clarification, the budgetary target will be defined as the Net Ordinary Income/Loss prior to debt service, depreciation, amortization, interest expense, and budgeted operating subsidy, meaning funding that is provided to the Facility from a funding source not derived from use of the Facility. If the budgetary target is agreed upon to be a profit of \$100,000 and the actual operating profit is only \$50,000 VENUWORKS will refund to CITY the amount of the budgetary shortfall (\$50,000) or the total of the Variable Management Fees earned for the fiscal year, whichever is less.

5.4 Capital Investment:

- A. The Parties acknowledge that VENUWORKS has made an investment of \$299,999, in the form of an interest free loan to CITY, for the purpose of purchasing food and beverage equipment, and other equipment, furniture and fixtures in the Facility, from the company that previously managed the Facility, consistent with The First Amendment to The Contract for Professional Services of this investment. CITY is obligated to repay VENUWORKS for the equipment purchased, in the amount of \$299,999, over the life of this Agreement in equal monthly installments, as described more fully in Section 5.5 of this Agreement, and to pay the entire remaining unamortized balance in the event VENUWORKS ceases being the management company for the Facility prior to payment in full.
- B. VENUWORKS may, at the CITY'S discretion, make a second capital investment in the form of an interest free loan not to exceed Four Hundred and Fifty Thousand Dollars (\$450,000), for the purchase of equipment, furniture and fixtures for the Facility. Specific items to be purchased with funds from VENUWORKS will be determined to the mutual satisfaction of both VENUWORKS and CITY. Items to be purchased may include, but will not be limited to, equipment for concessions stands and portable food carts, operations-oriented furniture, fixtures, and equipment (FF&E), and other tools and small equipment to improve the functionality and physical appearance of the arena. For the second capital investment, VENUWORKS shall be repaid in a manner similar to the initial capital investment described herein.

5.5 REPAYMENT OF LOAN. CITY will repay VENUWORKS for the actual principal investment amount over the course of the five-year term in sixty equal monthly payments as described below;

5.5.1 The amortized repayment of the combined principal of the two investments shall be an Operating Expense to the Facility as defined in the Annual Budget. However, it will not be counted as an expense to the budgetary target for calculating the VENUWORKS Disincentive Fee as defined above. In the event the management agreement with VENUWORKS is terminated for any reason prior to the end of the initial five-year term, the unpaid amount of the interest free loan shall become due within 30 days and payable to VENUWORKS.

5.5.2 The parties recognize the equipment purchased through the Capital Investment will serve as collateral towards the loan, and the parties will execute a separate promissory note for the principal of the loan which will be an Exhibit to the this Agreement.

5.5.3 If VENUWORKS and CITY renew their contract or negotiate in a separate MOU for a longer time period for repayment, then the outstanding principal can be amortized on a straight line basis over the life of the contract or agreement.

5.6 Title to Equipment. Title of any and all equipment purchased with VENUWORKS' capital investment, described above shall vest solely with VENUWORKS. Upon CITY'S repayment in full of the capital investment, ownership of said equipment will be transferred to the CITY free and clear of any liens or security interests. CITY may likewise file any and all applicable legal documents to protect its interest in the equipment. Beyond its security interest for the equipment loan, VENUWORKS shall not allow any other liens to be placed on the equipment or otherwise allow it to be encumbered. VENUWORKS likewise shall not remove any of the titled equipment from the Facility or any other equipment, furniture and fixtures without the written approval of the City Manager.

ARTICLE 6

PAYMENT OF MANAGEMENT FEES AND OPERATING EXPENSES

6.1 Deposit of Funds. The City Manager or designee will review Facility cash flows on a regular basis and work with VENUWORKS to establish protocols to ensure proper funding based on mutually agreed cash flow projections. VENUWORKS will mitigate cash shortages by timing key COI revenues or other cash flows during summer or slow event months. During the stub year, CITY will establish a cash reserve to accommodate the summer months and legacy contract obligations. VENUWORKS and CITY will work together on all future years to establish appropriate uses of any positive reserve balances. VENUWORKS shall not be required to, and shall not, pay for or advance any of its own funds to pay for any Operating Expenses.

6.2 Management Fees. VENUWORKS will invoice the Facility directly for management fees payable with respect to the current calendar month and Facility will pay VENUWORKS invoice within thirty calendar days.

6.3 Insufficient Funds. Cash shortfalls will be known well in advance through VENUWORKS' detailed projections and will be monitored and discussed monthly. Budgeted cash short falls will be funded in comparison to actuals after each monthly review. Cash shortfalls created by unforeseen circumstances will be discussed with the City Manager or designee in a timely manner and will be funded through a City Budget amendment if reserve balances are depleted.

6.4 Monthly Meetings. Representatives of VENUWORKS' on-site management and the City Manager or designee shall meet at least once each month to review revenues and operating expenses for the prior calendar month, the certified monthly reports package and discuss cash flows through year end. VENUWORKS corporate representatives shall be available to meet with the City Manager as requested, but no less than semi-annually to monitor performance and discuss operations.

ARTICLE 7
GENERAL TERMS AND CONDITIONS

7.1 Representation of CITY. CITY hereby represents and warrants to VENUWORKS, as an inducement to VENUWORKS entering into this Agreement; (1) that it is CITY'S intent that the Facility will be permitted to be open to the paying public on a daily basis in a manner consistent with industry practices, and (2) that CITY possesses the resources and financial capabilities to ensure the on-going financial support of the Facility operation.

7.2 Representation of VENUWORKS. VENUWORKS hereby represents and warrants to CITY on its own behalf and on behalf of its shareholders, officers, directors and employees, that VENUWORKS is fully capable of providing services as outlined in this Agreement.

7.3 Standard of Operation. VENUWORKS represents and warrants to CITY that it shall maintain an efficient and high quality operation at the Facility comparable to other similar facilities and containing facilities similar to those of the Facility.

7.4 Accounting Records, Reports and Practices.

7.4.1 Maintain Records. VENUWORKS shall maintain accounting records relating to the Facility using accounting practices in accordance with generally accepted accounting principles consistently applied and the State of Illinois records retention statutes.

7.4.2 Internal Financial Controls. VENUWORKS shall establish internal financial control policies and practices which are in accordance with generally accepted standards in the industry and reasonably acceptable to CITY. The validity of internal controls will be tested each year as part of the annual financial statement audit. Audit comments, recommendations, and feedback will be incorporated into VENUWORKS' procedures and practices involving the Facility.

7.4.3 CITY Access. CITY shall have unlimited access to all accounting records and supporting documentation of VENUWORKS relating to the Facility during the term and any renewal term of this Agreement and for a period of three (3) years thereafter. Such right to access shall be exercised in a reasonable manner.

7.4.4 Audit. CITY has the right to hire a third-party CPA firm to perform the annual financial statement audit, contract compliance audits, as well as any audit of related

accounts, funds, or commissions paid under this Agreement. The Facility shall be responsible for the costs of any such audits; however, VENUWORKS shall be responsible for the costs of any audits or investigations that discovers an accounting error that exceeds 5% of the total revenues.

7.4.5 Transparency / FOIA Requests. VENUWORKS shall provide an Event Report that reports on event gross revenues, including concession sales, merchandise sales, and ticket sales for each event at the Facility. Such reports shall be public and available no later than 10 calendar days after the event. VENUWORKS shall also provide a report to the City Manager, or his or her designee, within three (3) calendar days of the event that provides a preliminary report on the gross revenues and expenses. Although this report is preliminary, VENUWORKS acknowledges and agrees this report may be made publicly available, although artist fees which are proprietary shall be redacted. In the event that CITY is served with a FOIA request, discovery request in litigation, or subpoena requesting information related to management of the Facility, CITY shall give timely notice to VENUWORKS as soon as possible and within the time parameters required for response. Upon receiving notice, VENUWORKS shall provide all responsive information to CITY, and the CITY'S FOIA officer shall, in his/her sole discretion, determine what information, if any, shall be disclosed, except for salary information as set forth in Section 3.3.16. In the event VENUWORKS receives a FOIA request, VENUWORKS shall immediately contact CITY and provide such request to CITY forthwith. VENUWORKS shall indemnify, defend, and hold harmless CITY for VENUWORKS' failure to provide the required documents. Nothing herein shall contemplate or require VENUWORKS to publicly release its private confidential and proprietary corporate information that does not relate to the management of the Facility.

7.4.6. Guest Satisfaction. VENUWORKS shall track guest satisfaction at the Facility in a manner agreed to by the City Manager. VENUWORKS acknowledges that guest satisfaction is key to running a successful venue and agrees to address any deficiencies in service that arise.

7.5 Default, Right to Cure. It shall be an event of default ("Event of Default") hereunder if either party hereto:

(i) fails to pay or deposit sums due by one party to the other within seven calendar days after written notice by the other of such failure, or (ii) fails to perform or comply with any other obligation of such party hereunder within thirty calendar days after written notice by the other of such failure (which notice shall specify, in sufficient detail, the specific circumstances so as to give the defaulting party adequate notice and the opportunity to

cure the same); provided however, that if the default is of a nature that it cannot be cured within thirty calendar days, then the defaulting party shall not be deemed in default hereunder if it commences to cure the default within ten calendar days after the effective date of the notice of such default and diligently proceeds to cure such default within ninety calendar days after the effective date of notice.

7.6 Jurisdiction. The parties submit to the jurisdiction of the state courts of the State of Illinois sitting in McLean County with respect to any claim or proceeding arising out of or related to this Agreement.

7.7 Insurance.

7.7.1 Employment Matters. In connection with the employment of its employees, VENUWORKS shall pay all applicable social security, re-employment, workers' compensation or other employment taxes or contributions of insurance, all of which shall be considered operating expenses of the Facility, and shall comply with all federal and state laws and regulations relating to employment generally, minimum wages, social security, re-employment insurance and workers' compensation. VENUWORKS shall defend, indemnify and hold harmless CITY from all costs, expenses, claims or damages resulting from any failure of VENUWORKS to comply with this Section.

7.7.2 Insurance Requirements:

7.7.2.1 Workers Compensation Insurance: VENUWORKS shall purchase and maintain during this Agreement, workers' compensation insurance in accordance with Illinois statutory requirements and employers liability insurance with limits of not less than \$500,000 per accident and per employee for bodily injury.

7.7.2.2 General Liability Insurance: VENUWORKS shall purchase and maintain during this Agreement, commercial general liability insurance including liquor liability insurance on a per occurrence basis with limits of liability not less than \$3,000,000 per occurrence / \$5,000,000 in aggregate for Bodily Injury, Personal Injury, and Property Damage. Policy coverage shall include Premises and Operations, Products and Completed Operations, less inclusive and no more restrictive than the coverage provided by a standard Commercial General Liability Policy form (ISO CG 00 01 96) with standard Bodily Injury and Property Damage exclusions, and standard Personal and Advertising Injury exclusions. Any additional exclusion shall be clearly identified on the

Certificate of Insurance and shall be subject to the approval of CITY and VENUWORKS. The insurance required by this contract shall be written on non-assessable insurance companies licensed to do business as an admitted carrier in the State of Illinois and currently rated "A" or better by the A.M. Best Company.

7.7.2.3 Automobile Liability Insurance: VENUWORKS shall purchase and maintain during this Agreement, automobile liability insurance on a per occurrence basis with a combined limit of at least \$1,000,000 per occurrence for bodily injury and property damage. Coverage shall include any owned, all hired and non-owned motor vehicles used in the performance of this contract by VENUWORKS or its employees. The insurance required by this contract shall be written on non-assessable insurance companies licensed to do business as an admitted carrier in the State of Illinois and currently rated "A" or better by the A.M. Best Company.

7.7.2.4 Umbrella and Excess Liability Insurance: VENUWORKS shall purchase and maintain during this Agreement an umbrella and excess insurance policy on a per occurrence basis with limits of liability of not less than \$5,000,000 per occurrence / \$5,000,000 in aggregate. Any umbrella and excess insurance shall be written on a per occurrence basis on a pay on behalf form providing the same coverage and endorsements required of the primary policies.

7.7.2.5 Property Insurance: CITY will maintain property insurance coverage on the Facility itself. VENUWORKS shall assume all risks for loss of or damage to its own property at the Facility and VENUWORKS may maintain such insurance, at its sole expense, as it deems necessary to protect its own property.

7.7.2.6 Subcontractors: VENUWORKS shall require all its subcontractors who perform work and / or services under this Agreement to meet appropriate insurance requirements as reasonably required by CITY

7.7.2.7 Deductibles and Self-Insured Retention: Any policy deductible or self-insured retention must be declared on the Certificate of Insurance and shall be subject to the approval of CITY.

7.7.2.8 Reserved:

7.7.2.9 Proof of Insurance: VENUWORKS shall furnish CITY with Certificates of Insurance and a copy of the policies if requested by CITY. The name of the project or contract shall be listed on the certificates of insurance along with any deductible or self-insured retention.

Before commencing any performance under this Contract, VENUWORKS shall deliver all the Certificates of Insurance to CITY certifying that the policies stipulated above are in full force and effect. All insurance shall remain in effect during the life of the contract.

7.7.3 Insurance Cancellation or Material Change Notice: The certificates of insurance shall state that the insurance company will provide thirty calendar days written notice prior to cancellations, non-renewal, or material change including reduction of insurance coverage or limits. The notice will be sent to the CITY, via certified mail within thirty calendar days and will notify CITY informally as soon as feasible.

7.7.4 Reserved

7.7.5 Cooperation: Each party agrees to cooperate fully with the other in promptly providing such insurance underwriting and other information as may be necessary or appropriate for obtaining and maintaining the insurance described herein. The parties further agree to cooperate with the insurance companies and agents by responding promptly to their reasonable requests.

7.7.6 Releases: VENUWORKS and CITY expressly waive all rights and claims they may have against the other, their subsidiaries and affiliates for loss or damage arising or resulting from the operation at the Facility caused by fire or other perils, but only to the extent covered by insurance. Each insurance policy procured by VENUWORKS and CITY shall affirmatively state that it will not be invalidated because the insured waived its rights of recovery against any party prior to the occurrence of a loss.

7.7.7 Crime Insurance. During the term of this Agreement, VENUWORKS shall maintain Crime Insurance, with an insurer acceptable to CITY (such acceptance by CITY not to be unreasonably withheld or delayed), providing at least the following coverage in at least the amounts set forth below for each coverage:

- (a) Employee Dishonesty: \$500,000;
- (b) Depositor's Forgery: \$500,000;
- (c) Money & Securities: \$500,000 (each, "Inside" and "Outside")
- (d) Computer Theft: \$500,000;
- (e) Wire Transfer Fraud: \$500,000;

provided, however, that if such coverages are provided on a "blanket" limit basis, a blanket limit of

\$500,000 shall be considered to be sufficient and in compliance with this provision. The policy shall include an endorsement providing that any "employee" of VENUWORKS shall not be deemed to also be an "employee" of CITY for purposes of the coverage afforded under the Employee Dishonesty coverage part.

CITY shall be both a Loss Payee (as its interests may appear) and an Additional Insured under such policy, which policy shall be written to apply to the Crime exposures arising under or in connection with this Agreement, and not to any other unrelated Crime exposures incurred by VENUWORKS or CITY under any other similar agreements or otherwise.

7.7.8 Insurance Cost: Except for the Crime Insurance set forth in Section 7.7.7 which shall be borne directly by VENUWORKS, the cost of providing insurance hereunder shall be an Operating Expense, regardless of which party procures the coverage.

7.7.9 Insurance Terms. Insurance terms not otherwise defined in this Agreement shall be interpreted consistent with insurance industry usage.

7.7.10 Named Insured Parties. Insurance referenced in this Agreement, except Workers Compensation/Employers Liability, shall list both VENUWORKS and CITY as named insureds.

7.8 Hold Harmless. VENUWORKS shall indemnify, defend and save harmless CITY, its officers, directors, employees, trustees, its agents, representatives and any affiliated or related entities, from all liability arising out of the negligent acts or omissions, as well as its willful or wanton conduct of VENUWORKS and its officers, agents, and employees.

7.9 Damage to and Destruction of the Facility. If all or part of the Facility is rendered unusable by damage from fire and other casualty which, in the discretion of CITY, cannot be substantially repaired under applicable laws and governmental regulations within 180 calendar days from the date of such casualty (employing normal construction methods without overtime or other premium), then CITY shall notify VENUWORKS thereof. In such case, either CITY or VENUWORKS may elect to terminate this Agreement by written notice delivered to the other not more than sixty calendar days after receipt by VENUWORKS of CITY'S notice concerning the reconstruction.

7.10 Employees.

7.10.1 Employees of VENUWORKS. All persons engaged at the Facility in operating any of the services hereunder shall be the sole and exclusive employees of VENUWORKS and shall be paid by VENUWORKS, except for those individuals employed or utilized by subcontractors of

VENUWORKS, as provided for in this Agreement, but in no event shall they be deemed an employee of CITY. In connection with the employment of its employees, VENUWORKS shall pay all applicable social security, reemployment insurance, workers' compensation or other employment taxes or contributions to insurance plans, and retirement benefits, and shall comply with all federal and state laws and regulations relating to employment generally, minimum wages, social security, reemployment insurance and worker's compensation, and shall defend, indemnify and save CITY harmless from any responsibility therefore. VENUWORKS shall comply with all applicable laws, ordinances and regulations including, without limitation, those pertaining to human rights and non-discrimination. Notwithstanding any provision of this Agreement to the contrary, this Agreement may be canceled or terminated by CITY for a violation of this paragraph in accordance with Section 7.5 of this Agreement.

7.10.2 Employee Expense. All reasonable and customary costs of employment, as set forth in the Annual Budget, of Facility employees incurred by VENUWORKS shall be an operating expense of the Facility. The parties agree that in no case shall employee commuting expenses or vehicle allowances be considered a reasonable and customary cost of employment or a permissible operating expense. CITY and VENUWORKS will work together to ensure a positive and productive working environment at the Facility.

7.10.3 Employee Standards. VENUWORKS will employ trained and neatly uniformed employees and said employees shall conduct themselves at all times in a proper and respectful manner. Any dismissal shall be in accordance with VENUWORKS' corporate policy and applicable federal, state and local laws which may be in effect and, further, shall be in compliance with applicable union or labor organizational agreements which may be in effect at the time of said dismissal and VENUWORKS shall defend, indemnify and save CITY harmless from any claim, cause of action, expense (including attorneys' fees) lost, cost or damage of any kind or nature arising there from, except in the case of express written direction from CITY.

7.11 Availability of Facility. VENUWORKS agrees that, except as a result of full or partial destruction of the Facility, the Facility will be made available for all events scheduled therein and VENUWORKS agrees to defend, indemnify and save CITY harmless from and against any and all claims, causes of action, expenses (including attorneys' fees) losses, costs and damages arising from the failure of the Facility to be available in the condition necessary for the conduct of such events

for scheduled events due to the negligence or willful misconduct of VENUWORKS, its agents, servants, employees or contractors of any tier, and in such case, VENUWORKS shall pay to CITY the estimated Revenues, less Operating Expenses, for such event within five calendar days after the event was to have taken place.

7.11.1 Use by CITY. Upon reasonable notice to VENUWORKS, CITY shall be entitled to utilize the Facility, without rental cost, provided the event does not displace another already scheduled revenue generating event with a for profit client or promoter. CITY agrees that it will pay “hard” costs associated with its events.

7.12 No Payment by CITY. Notwithstanding anything in this Agreement or exhibits hereto to the contrary, CITY shall not be obligated to reimburse VENUWORKS as Operating Expenses or otherwise for costs and expenses (including attorneys, fees) for litigation which is covered by VENUWORKS' defense and indemnification obligations set forth in this Agreement or other matters considered corporate matters in which VENUWORKS and CITY disagree.

7.13 Termination for Cause. Either party may terminate this Agreement if the other is in default, and has not met the deadlines for curing, or undertaking steps to cure the default, as described in Section 7.5 of this Agreement. In the event of default, the non-defaulting party shall provide the defaulting party within five calendar days of its intention to terminate the Agreement due to the uncured default. In the event of early termination for any reason, CITY shall pay to VENUWORKS all amounts owed as mutually agreed or as by determined by an independent audit through the date of termination.

7.14 Compliance with Laws. VENUWORKS will comply with all federal, state and local ordinances, statutes, rules and regulations as they relate to the operation and maintenance of the Facility. VENUWORKS' failure to comply with such ordinances, statutes, rules and regulations relating to the Facility shall be an Event of Default under this Agreement and shall entitle CITY to terminate this Agreement pursuant to the provisions of Section 7.5 hereof. VENUWORKS agrees that it shall not be entitled to claim litigation costs (including attorneys' fees) as Operating Expenses pursuant to Subparagraph (1) of Exhibit C with regard to its rules and obligation to comply with ordinances, statutes, and regulations as set forth herein.

7.15 Non-waiver. The failure of either party at any time to enforce a provision of this Agreement shall in no way constitute a waiver of the provision, nor in any way affect the validity of this

Agreement or any part hereof, or the right of such party thereafter to enforce each and every provision hereof.

7.16 Amendment. The parties may amend this Agreement only by written agreement executed by the parties.

7.17 Choice of Law. The laws of the State of Illinois shall govern the rights and obligations of the parties under this Agreement.

7.18 Severability. Any provision of this Agreement decreed invalid by a court of competent jurisdiction shall not invalidate the remaining provisions of this Agreement.

7.19 Notices. Any notice required herein shall be in writing and shall be deemed effective and received (a) upon personal delivery; (b) five calendar days after deposit in the United States mail, certified mail, return receipt requested, postage prepaid; or (c) one business day after deposit with a national overnight air courier, fees prepaid, to VENUWORKS or CITY at the following addresses:

If to CITY:	City of Bloomington Attn: City Manager 109 E. Olive Street Bloomington, IL 61701	City of Bloomington Attn: Corporation Counsel 109 E. Olive Street Bloomington, IL 61701
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If to VENUWORKS:	VENUWORKS of Illinois, LLC 4611 Mortensen Road, Suite 111 Ames, IA 50014 Attention: President
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Either party may designate an additional or another representative or address for notices upon giving notice to the other party pursuant to this paragraph. For the purposes of this Agreement, "business day" shall mean a day which is not a Saturday, a Sunday or a legal holiday of the United States of America.

7.20 Representatives. CITY'S representative to VENUWORKS in connection with Facility operations shall be the City Manager or designee, and the VENUWORKS' representative shall be VENUWORKS' on-site Executive Director at the Facility.

7.21 Force Majeure. Neither party shall be obligated to perform hereunder, and neither shall be deemed to be in default, if performance is prevented by fire, earthquake, flood, act of God, riot, civil

commotion or other matter or condition of like nature, including the unavailability of sufficient fuel or energy to operate the Facility, or any law, ordinance, rule, regulation or order of any public or military authority stemming from the existence of economic controls, riot, hostilities, war or governmental law and regulations.

7.22 Labor Dispute. In the event of a labor dispute which results in a strike, picket or boycott affecting the Facility or the services described in this Agreement, VENUWORKS shall not be deemed to be in default or to have breached any part of this Agreement. VENUWORKS is responsible for costs associated with the above labor disputes or others arising from their individual negotiations with applicable unions.

7.23 Integration. This Agreement and all appendices and exhibits hereto embody the entire agreement of the parties relating to the services to be provided hereunder. There are no promises, terms, conditions or obligations other than those contained herein, and this Agreement shall supersede all previous communications, representations or agreements, either oral or written, between the parties hereto. Exhibits hereby integrated hereto are:

Exhibit A: Maintenance Requirements

Exhibit B: Snow Map

Exhibit C: Operating Expenses

Exhibit D: Commission Examples

Exhibit E: Financial Manual – Section 14.0

7.24 Section Headings. Section headings in this Agreement are for convenience only and shall have no effect on the interpretation of this Agreement.

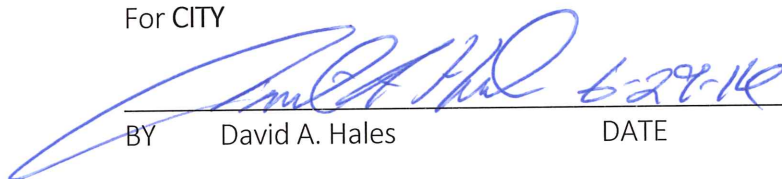
7.25 Assignment / Subcontracting. VENUWORKS may not assign this Agreement without the express written pre-approval of CITY. The City Manager further reserves the right to approve any subcontracting at the Facility for work required to be performed by VENUWORKS under this Agreement.

7.26 Non-Compete. As VENUWORKS will be acquiring confidential and proprietary information resulting from management of the Facility, VENUWORKS agrees it shall not manage any other sporting or entertainment venue or arena within a 60-mile radius of the City during its tenure

managing the Facility. The City Council may, however, in its sole discretion, pass a resolution permitting VENUWORKS to manage such a facility upon request.

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

For CITY

 6-28-16
BY David A. Hales DATE

Its City Manager

For VENUWORKS

 7-15-16
By: Steven L. Peters DATE

Its: President

EXHIBIT A
MAINTENANCE REQUIREMENTS

FACILITY Repairs & Maintenance Process

1. Control of the Facility Capital Budget will be moved to Facilities Management. This funding will only be used for Capital Improvements and maintenance repairs as described herein.
2. Parks Maintenance or VENUWORKS staff discovers a necessary repair.
3. Repairs are classified as Operational or Maintenance as described below and further clarified with the included examples.
4. Operational repairs include custodial, cosmetic, facility enhancements or other work related to operation of the Facility. Operational activities also include keeping office, advertising, sales and related operational equipment and systems in proper operating condition. VENUWORKS is entirely responsible for Operational Repairs. This includes performing the work with VENUWORKS staff, procuring outside contractors in accordance with City Procurement Policies and payment for the work from their operational budgets.
5. Maintenance repairs include structural, HVAC, mechanical or other work related to maintenance of the Facility. Maintenance activities also include keeping structures, Facility building equipment and building infrastructure in proper operating condition. The City is entirely responsible for Maintenance Repairs. This includes performing the work with City staff, procuring outside contractors in accordance with City Procurement Policies and payment for the work from the Facility capital budget.
5. Major repairs are reported to all via email with relevant supporting documentation and a mutual decision regarding the repair classification will be made.
6. Minor repairs do not require reporting to everyone and shall be addressed as soon as possible by the responsible entity.
7. In the event of a dispute, the Assistant City Manager shall have final authority to determine the repair classification for both minor and major repairs.
8. The City will not perform or pay for repairs to any privately owned equipment at the Facility.
9. VENUWORKS shall manage the Operational Budget and Facilities Management shall manage the Maintenance Budget. The City shall maintain control over both budgets.
10. It is anticipated that Maintenance repair costs will be significantly more than Operational repair costs. City staff will endeavor to stay within the current FY budget. However, a significant increase in future maintenance budgets will be needed to properly maintain the FACILITY.
11. Three budgets should be provided for all future maintenance. These include an Operational Budget, a Maintenance Budget and a Capital Budget. The Operational and Maintenance Budgets will apply to work described earlier. The Capital Budget will be used for major unexpected repairs or substantial improvements to the FACILITY. VENUWORKS shall manage the operational budget and Facilities Management shall manage the Maintenance and Capital budgets. The City shall maintain control over all three budgets.

TYPICAL OPERATIONAL REPAIR EXAMPLES

1. Office Expenses (Office Supplies, Office Equipment Lease, Purchase or Repairs)
2. Advertising and Sales (New Building Signs related to Sponsors)
3. Custodial Supplies (Cleaning Supplies/Paper Products)
4. Event/Concert Expenses (Caution tape, Badges, Misc. supplies)
5. Hockey Ice Care (Ice Paint, Misc. Hardware, Dasher Parts)
6. Basketball Floor Care (Basketball Floor Maintenance)
7. Football Field Care (Velcro, Turf Repair)
8. Building Supplies (Light Bulbs, Paint)
9. Cleaning, Mopping and all other Janitorial Services
10. Zamboni Repairs (Repairs & propane fuel costs shared with Pepsi Ice Center)
11. Light Bulb Replacement
12. Interior Painting or Remodeling not initiated by the City
13. Concession/Kitchen/Janitorial Equipment Repair and Replacement
14. Labor for Event Changeovers and Maintenance/Repairs/HVAC Controls during an event
15. Dasher Board Repairs and Removal & Installation for events
16. Scoreboard Repairs
17. Bowl Seating Repairs/Replacement
18. Sound Equipment, Stage/Event Lighting
19. Engineering Services for Events or Modifications not initiated by the City

TYPICAL MAINTENANCE REPAIR EXAMPLES (City Owned Property & Equipment Only)

1. HVAC Inspection, Cleaning, Maintenance and Repairs
2. Plumbing repairs
3. Mechanical Equipment Repairs (Other than privately Equipment).
4. Electrical Repairs
5. Building Structural Repairs
6. Exterior Building Painting
7. Ice Plant Inspection, Maintenance & Repairs
8. Yearly Inspections and System Monitoring (Fire Alarm, Elevator, RPZ/Backflow)
- 9.

EXHIBIT B
SNOW MAP

EXHIBIT C
OPERATING EXPENSES

1. The term "Operating Expenses" shall mean the following and shall be, in all cases, subject to the Annual Budget. Any and all operating expenses charged to the Facility should be expended to obtain the best value, be reasonable and customary and mirror industry standards, as well as adhere to IRS guidelines. Late fees, penalties, fines incurred through VENUWORKS management of Facility funds will be at the cost of VENUWORKS. The term "Operating Expenses" shall not include expenditures related to the corporate governance of VENUWORKS or other expenses not directly related to the operation and management of the Facility. The term "Operating Expenses" shall include:
 - (a) on-the-job payroll cost, including wages, and severance paid to employees, and the cost of paid holidays, vacations, sick leave, employment practices liability insurance, workers' compensation and other employer paid benefits, cost of training, and payroll processing. On-the-job payroll costs should be reasonable and customary mirroring industry standards for employee paid portion of health insurance or other benefits. Benefits, such as payment for commuting and/or vehicle allowances shall not be considered an operating expense or billed to CITY.
 - (b) employer contribution cost, in relation to employees carried on the on-the-job payroll mentioned in the foregoing clause (a), of every nature whatsoever, including but not limited to, social security, reemployment insurance, benefits for medical and hospital care, disability, death, termination, retirement or pensions, or insurance or annuity contracts to provide any of the foregoing, and all payments, other than those referred to in the foregoing clause (a), required under any collective bargaining agreement to which VENUWORKS is a party, or under any state or federal law or any regulations promulgated there under;
 - (c) cost of medical and security examination for employees on the on-the-job payroll;
 - (d) cost of purchasing, renting, maintaining and cleaning uniforms;
 - (e) cost of equipment, materials and supplies, including the cost of installation thereof;
 - (f) cost of insurance (excluding Crime Insurance), permits, licenses and fees (including but not

- limited to liquor licenses and permits from the health department or applicable agency).
- (g) cost of property, business, privilege, sales and all taxes other than taxes collected by the Facility which are required to be remitted to the appropriate agency and shall be considered a liability.
 - (h) cost of marketing, promotions and advertising; cost of travel to industry conferences on behalf of Facility, website domain/hosting fees;
 - (i) cost of necessary outside professional services, upon prior written approval by CITY;
 - (j) cost of commodities, (i.e. food and beverage inventories purchased for resale to the public)
 - (k) cost of utilities, telephone, and internet service, office supplies, and computer software/hardware;
 - (l) litigation expenses or other costs (including attorneys' fees) incurred by VENUWORKS in connection with any proceeding; provided however that CITY shall not be obligated to pay any such fees or costs (including attorneys' fees) unless prior to incurring any legal expense (including attorneys' fees), VENUWORKS consults with CITY, and CITY and VENUWORKS jointly determine the course of action (including payment obligations thereof) to be taken with regard to any claim made against VENUWORKS or CITY (concerning the Facility) or to be made by VENUWORKS or CITY. Provided further that CITY shall not be obligated to pay any such fees or costs incurred with respect to litigation matters that VENUWORKS is solely responsible for under this Agreement.
 - (m) cost of new or replacement equipment and the installation of that equipment as approved by CITY, provided that payment of the Capital Investment described in Section 5.4 of this Agreement shall not be considered an Operating Expense (repayment of the Capital Investment shall be considered an Operating Expense pursuant to Section 5.5.1 of this Agreement);
 - (n) cost of replacements of pots, pans, dishes, linens, uniforms, silverware and glassware necessary for the operation of the Concessions;
 - (o) cost of ordinary maintenance and repair of the Facility and the equipment, Additional Equipment and replacements thereof;
 - (p) cost of ordinary housekeeping of the Facility;
 - (q) costs of travel, lodging related to VENUWORKS corporate staff as required by the CITY or

authorized by the City Manager or designee.

EXHIBIT D
COMMISSION EXAMPLES

FOOD & BEVERAGE SALES COMMISSION EXAMPLE:

Gross Food & Beverage Concert Event Sales	\$25,000
■ Less: State & Local Sales, & F&B Tax (10.75%)	\$2,688
■ Less: Rotary Club Commission	\$2,000
<i>COMMISSIONABLE FOOD & BEVERAGE SALES:</i>	\$20,312
■ Commission to VenuWorks (5%)	\$1,016
Remaining Food & Beverage Sales to City	\$19,296 (77%)*

*VenuWorks provides a minimum guarantee of 40%, after costs of goods sold. If costs in the above example were \$5,000, the 40% guarantee would have been \$8,000.

CONTRACT OBLIGATED INCOME COMMISSION EXAMPLE:

Total Advertising Sales for Plumbing Services	\$50,000
■ Less: Fulfillment costs for plumbing services	\$10,000
COMMISSIONABLE ADVERTISING SALES PLUMBING	\$40,000
■ Commission to VenuWorks (5%)	\$2,000
Net Advertising Sales Plumbing to City	\$38,000

EXHIBIT E
VENUWORKS FINANCIAL MANUAL SECTION 4.0

14.0 FINANCIAL INFORMATION

14.2 Month End Process, Reports and Timeline

14.2.1 Monthly reporting procedures will be detailed to suit the needs of the City Manager. See Document FIN006 for detailed instructions on how to compile the required monthly corporate financial reports. See Document FIN011 for an example “Lead Sheet” which serves as the Profit & Loss for each facility.

14.1.1. All month end reports are due to the corporate office for review and approval on the 15th of the month and should include the information described below.

14.1.2. Monthly reports are due to the City on the 20th of each month, while the annual report is due within 45 calendar days of the end of the fiscal year.

14.1.3. The monthly package should include the following reports.

- 14.1.3.1. P & L Lead Sheet
- 14.1.3.2. Balance sheet
- 14.1.3.3. A-R Aging
- 14.1.3.4. A-P Aging
- 14.1.3.5. Attendance Report

14.1.4. Updated Year End forecasts are expected monthly, beginning the first month following the end of the first fiscal quarter. These forecasts are included on the Lead Sheet.

14.3. Income Statement (P&L Lead Sheet)

14.3.1. The Income Statement is the report that measures the success of the enterprise’s operations for a given period of time. The business and other entities will use the Income Statement to determine profitability and to measure performance against operating benchmarks established for each fiscal year. The facility’s Income Statement should be formatted based on the specific requirements of the Contract Administrator. However, a report format approved by the Chief

Financial Officer must be submitted on a monthly basis. The following items are required:

- 14.3.1.1. Current Month Actual
- 14.3.1.2. Previous Year Month Actual
- 14.3.1.3. Current Month Budget
- 14.3.1.4. Current Year-to-Date Actual
- 14.3.1.5. Current Year-to-Date Budget
- 14.3.1.6. Annual Approved Budget
- 14.3.1.7. Year End Forecast

14.4. Monthly Forecasting

- 14.4.1. Prospective financial statements, financial forecasts, and financial projections present, to the best of the responsible party's knowledge expected financial position, operating and cash flow results. They are based on assumptions about conditions actually expected to occur and the course of action expected to be taken, given one or more hypothetical (i.e., "what if") assumptions.

14.5. Balance Sheet

- 14.5.1. The balance sheet provides information about the nature and amounts of investments in enterprise resources, obligations to creditors, and the fund transfer in net resources. The balance sheet provides a basis for (1) computing rates of return, (2) evaluating the capital structure of the enterprise, and (3) assessing its liquidity and financial flexibility. In order to judge enterprise risk, and assess future cash flows, one must determine enterprise liquidity and financial flexibility by analyzing the balance sheet.
- 14.5.2. The facility's balance sheet is classified into three areas:
 - 14.5.2.1. Assets: Generally these are current assets that are expected to be converted into cash, sold; or consumed either within one year or within the operating cycle, whichever is longer.

The operating cycle is the average time between the acquisition of materials and supplies and the realization of cash through sales of the product for which the materials and supplies are acquired.

14.5.2.2. Liabilities: These are the obligations that are reasonably expected to be liquidated either through the use of current assets or the creation of other liabilities. (1) Payables resulting from the acquisition of goods and services; accounts payable, accrued payroll, and so on. (2) Collections received in advance for the delivery of goods or performance of services such as unearned rent, unearned signage, and unearned ticket sales.

14.5.2.3. Owners Equity: In facility management this item is generally the balance of the funds that are due to your location from a specified entity. In general, the amount of loss or gain that the facility is facing in a given year less the amount of funds transferred in from the Contract Administrator.

14.6. Reconciliations

14.6.1. Proper classification in all balance sheet accounts is essential to the year-end accounting and audits or internal reviews. These cash accounts should be reconciled each month to ensure proper allocation of expenses and revenues. Such reconciliations should be performed using Quick Books and printed out to file with month-end work papers.

14.6.2. When analyzing financial statements, both horizontal and vertical comparisons should be made.

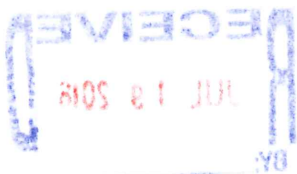
14.6.3. Horizontal analysis involves comparison of actual results to prior fiscal periods. Vertical analysis is performed by choosing a significant item on a financial statement (i.e. Sales) as a base value, and comparing all other items to the base figure.

14.7. Event Profit and Loss Statements

14.7.1. Event profit and loss (P&L) statements detail variable and fixed costs associated with the profitability of a specific event. This report is part of the event settlement spreadsheet and should be completed after an event settlement as soon as practically possible. This form details all areas of an event, including concessions and merchandise, as well as revenue and expenses associated with a specific event. (Refer to Event Profit & Loss Statement Procedure FIN014 and Event Profit & Loss Statement Examples FIN015.)

14.8. Yearly Audit Review of Finance Manual

- 14.8.1. On an annual basis, VENUWORKS Corporate Office will conduct a review of the accounting policies and procedures of Facility.
- 14.8.2. All concerns and comments will be communicated to the Business Manager and Executive Director upon completion of the review. A written on-site visit report will be filed with the President and the Vice President of VENUWORKS, Inc within one month of completion of the review, along with any recommendations or concerns. A written response may be required at the discretion of the Chief Financial Officer.



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