

PROPOSAL: ATHLETIC FACILITIES

FROM

**Rollingwood Park Trust, Inc.
Western Hills Girls Softball Program, Inc.,
and Western Hills Little League, Inc.**

**J.R. Kraft
Representative of Rollingwood Park Trust, Inc.
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Austin, Texas 78746**

**Steve Franke
WHGS Board President/Treasurer
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**Chad Smith
WHLL Board Member**

June 6, 2019

To the Park Commission and the City Council
City of Rollingwood
Rollingwood, TX

Thank you for the opportunity to submit a proposal to lease, operate, maintain, and improve the designated athletic facilities within Hatley Park from the City of Rollingwood. Rollingwood Park Trust, Inc. (“RWPT”), Western Hills Girls Softball Program, Inc. (“WHGS”), and Western Hills Little League, Inc. (“WHLL”) are interested in being long-term partners with the City of Rollingwood to provide youth sports activities within Hatley Park and continue to make overall improvements to the Park for the benefit of the Rollingwood community.

The enclosed proposal outlines the following:


- Profiles of Rollingwood Park Trust, Inc., Western Hills Girls Softball Program, Inc., and Western Hills Little League, Inc.
- Scope of Services
- Fee Estimate

Enclosed please also find a term sheet evidencing the relationship among RWPT, WHGS and WHLL with respect to the contemplated lease of the athletic fields within Hatley Park.

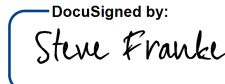
We believe RWPT, WHGS, and WHLL are well qualified to perform the services requested by City of Rollingwood in the operation and maintenance of the lease of the Athletic Facilities within Hatley Park and we look forward to the opportunity to continue our relationship with the City of Rollingwood, improve the designated athletic facilities and the entire park, and continue our missions of providing youth sports to kids primarily within the Eanes School District.

If you have any questions about this proposal or our qualifications, please feel free to call J.R. Craft, Steve Franke, or Chad Smith and they would be happy to answer them.

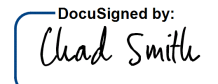
Sincerely,

DocuSigned by:

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J.R. Kraft

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Steve Franke

DocuSigned by:

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Chad Smith

PROFILES OF ROLLINGWOOD PARK TRUST, INC., WESTERN HILLS GIRLS SOFTBALL PROGRAM, INC., AND WESTERN HILLS LITTLE LEAGUE, INC.

Rollingwood Park Trust, Inc. (“RWPT”) will be a newly-formed Texas non-profit corporation that will be controlled by J.R. Kraft. J.R. Kraft is a resident of Rollingwood who desires to develop, maintain, improve and beautify the Rollingwood Park and the athletic facilities located within. J.R. Kraft is an entrepreneur and philanthropist. He was formerly the founder and President of Build-a-Sign and now is the Chief Executive Officer of Base Equity Partners, LP.

Western Hills Girls Softball Program, Inc. (“WHGS”) is a Texas nonprofit corporation that was incorporated in 2002 and is a tax-exempt organization under Internal Revenue Code 501(c)(3). The mission of WHGS is to run a youth softball league for girls ranging from 4 years old to 14 years old (sometimes 15 year olds are eligible depending on birthday cut-off), who primarily reside from the Eanes Independent School District. The league usually entails a main Spring season and a smaller scale Fall season and participation ranges from 80-125 girls per season. Prior to the formation of WHGS, the league had been run by Western Hills Optimist and has been in existence since the late 1960’s. Hatley Park has been the one and only home to WHGS for its entire history.

Western Hills Little League, Inc. (“WHLL”) is a Texas nonprofit corporation that was incorporated in 1969 and is a tax-exempt organization under Internal Revenue Code 501(c)(3). The mission of WHLL is to run a youth baseball league for girls and boys ranging from 4 years old to 16 years old, who primarily come from the Eanes Independent School District and West Austin. The league usually entails a main Spring season and a smaller scale Fall season and participation ranges from 450-850 youth per season. Prior to the formation of WHLL, the league had been run by Western Hills Optimist and has been in existence since the 1960’s. Hatley Park has been the one of the main homes for WHLL for its entire history. Hatley Park is used by the league for youth ranging from 4 to 7 years old and participation ranges from 200-400 youth per season.

Both WHGS and WHLL are extremely important for the development of both softball and baseball within Eanes ISD and to ultimately feed the Westlake High School teams.

SCOPE OF SERVICES

RWPT, WHGS, and WHLL (collectively, the “Group”) would like to operate, maintain, and lease the designated Athletic Facilities owned by the City of Rollingwood in accordance with the terms set forth in the attached term sheet. The services performed would include the following:

Scheduling: WHGS and WHLL would run practices and games over two seasons (Spring and Fall). The two seasons would run from beginning of February through end of May (Spring season) and beginning of September through mid-November (Fall Season). In addition, both leagues use the fields in a much smaller capacity for the month of June for any of our All Star/All City teams.

Ground Maintenance: In the past, non-routine maintenance of the fields and a watering schedule has been performed when it is needed. Going forward, the Group is planning to implement a much more in-depth and routine maintenance program to hopefully take the park grounds from natural turf to grass turf (as much as possible). This would entail the following:

❖ Spring season:

- Turf preparation (early February)
 - Mow the turf at lowest level to allow 3 weeks of growth
 - Core aerate the turf
 - Measure all grass dirt interfaces to spec and edge
 - Top dress w/16 yards of armadillo dirt
 - Over seed with Bermuda grass seed
 - Drag the seeds and top dressing
 - Fertilize w/10-12 bags of 4-1-2 ratio (or City approved) fertilizer
 - Irrigate all turf
 - Spot seed as needed or add new Bermuda grass sod to areas as necessary
- Dirt maintenance
 - Rebuild home plate, batter’s box, pitcher’s mound, pitcher’s circle, bullpens and base anchors as necessary
 - Lip removal
 - Add 12 bags of field conditioner
 - Nail drag or roto till skinned areas
 - Level the infield dirt

❖ Fall season:

- Turf preparation (early September)
 - Mow the turf at lowest level to allow 3 weeks of growth
 - Core aerate the turf
 - Measure all grass dirt interfaces to spec and edge
 - Top dress w/16 yards of armadillo dirt
 - Over seed with annual Rye grass seed
 - Drag the seeds and top dressing
 - Fertilize w/8-10 bags of even ratio (or City approved) fertilizer
 - Irrigate all turf
 - Spot seed as needed

SCOPE OF SERVICES (continued)

- ❖ Dirt maintenance
 - Lip removal
 - Add field conditioner
 - Nail drag or roto till skinned areas
 - Level the infield dirt

- ❖ Monthly maintenance
 - Lip prevention
 - Touchup all clay at home, pitcher's circle, and around base anchors
 - Edge all dirt/grass interfaces
 - Nail drag and mat drag Fields #1 and #2
 - Rake Fields #3, #4, and #5
 - Fill in any holes dug by dogs
 - Spot fertilize

- ❖ End of Year Shutdown Process (after Fall Season)
 - Fertilize with Winter fertilizer (City approved)

Financial Plan: The Group expects to incur the following annual operating costs for the designated Athletic Facilities:

Field maintenance & repairs	\$ 15,000
Mowing	6,500
Janitorial services	6,000
Insurance	5,000
Water	3,600
Utilities	3,200
Equipment & supplies	1,250
Other repairs & maintenance	<u>1,000</u>
Total annually	<u>41,550</u>

Capital Improvements: RWPT intends to invest \$100,000.00 over 12-36 months of the new lease in capital repairs, replacements and improvements, which will include, but not be limited to, the following: (1) Repair/improve the WHLL batting cage with new artificial turf and netting (approximately \$2,000-3,000); (2) Install a wind/sunscreen on fenced backstop of Field 2 to help cut sun glare for safety of players (approximately \$1,500-2,000); (3) Install a padded backstop on Field 2 to match the one about to be installed on Field 1 and have City of Rollingwood branding (approximately \$1,500-2,000); (4) Install shade structures over spectator seating areas, as needed (approximately \$4,000-5,000); and (5) renovate the Field House into a functioning café and restaurant. We understand that any such improvement will be subject to the approval of the City of Rollingwood.

Insurance Requirements: The Group will acquire the minimum insurance coverages as mandated by the City of Rollingwood, which will include: (1) general liability insurance with limits of coverage of not less than \$1,000,000 per occurrence and \$2,000,000 aggregate, to

include coverage for sexual abuse with the same minimum limits of coverage; (2) sports excess accident insurance with a limit of coverage of not less than \$100,000 per incident; (3) directors' and officers' insurance coverage with a limit of not less than \$1,000,000 per occurrence; and (4) crime coverage with a limit of not less than \$35,000 per occurrence. These coverages will cover the leased premises and use thereof and the City shall be included as an additional insured in each such policy of insurance.

RWPT will diligently work towards creating and expanding upon the historical revenue streams of the site (e.g., a café and restaurant in the Field House, sponsorships, community-oriented events, etc.) in order to facilitate a revenue sharing component, or other similar arrangement, in the lease.

FEE STRUCTURE

Annual Rent

RWPT will pay the following annual rents during the term:

Years 1-5	\$5,000 annual rent
Years 6-10	\$7,500 annual rent
Years 11-15	\$10,000 annual rent

Capital Improvement Commitment

RWPT intends to commit at least \$100,000.00 as outlined above (and no less than \$3,000 in a given year during the term).

Operating Expenses

RWPT will pay for the annual operating expenses as outlined above.

Revenue Sharing

RWPT proposes including a revenue sharing framework in the lease. At this time, we anticipate that this revenue sharing framework would apply to net revenues generated from the café and restaurant at the Field House and the other new revenue streams created and formed by RWPT during the term of the lease.

TERM SHEET AMONG THE GROUP

See attached.

**CITY OF ROLLINGWOOD
JOINT VENTURE TO LEASE ATHLETIC FACILITIES
TERM SHEET**

June 6, 2019

This Term Sheet sets forth the principal terms and provisions necessary for the lease, operation, use and occupancy of those certain sports fields and associated improvements located in Rollingwood, Texas, as detailed herein. The parties shall negotiate the Master Lease and Sublease Agreements (as defined herein), which shall contain the basic terms included herein, consistent with this Term Sheet.

GENERAL	
Parties	<ul style="list-style-type: none"> • Western Hills Girls Softball Program, Inc. (“<u>Western Hills Softball</u>”). • Western Hills Little League, Inc. (“<u>Western Hills Baseball</u>”, together with Western Hills Softball, the “<u>Athletic Organizations</u>”). • Rollingwood Park Trust, Inc., a newly formed Texas non-profit corporation (“<u>NewCo</u>”) that will be controlled by J. R. Kraft or one of his affiliates (“<u>Kraft</u>”).
The Site	<ul style="list-style-type: none"> • The “<u>Site</u>” includes the five athletic fields (the “<u>Fields</u>”) located at Hatley Park located on the north side of Rollingwood Drive between Gentry Drive and Wallis Drive, and the improvements and facilities related thereto, including, but not limited to, the Rollingwood Doyle Moore Field House (“<u>Field House</u>”) and the two batting cages.
Purpose	<ul style="list-style-type: none"> • The parties desire to form NewCo for the purpose of negotiating and entering into a master lease agreement with the City of Rollingwood (the “<u>City</u>”) for the Site (the “<u>Master Lease</u>”) and then operating and using the Site thereafter pursuant to the terms and conditions of the Master Lease. • In addition, to satisfy certain expectations of the City with respect to the new master lease agreement, Newco will use commercially reasonable efforts to create and expand upon the historical revenue streams of the Site (e.g., a café and restaurant in the Field House, sponsorships, community-oriented events, etc.) in order to facilitate a revenue sharing component, or other similar arrangement, in the Master Lease.
Board of Directors	<ul style="list-style-type: none"> • Up to 3 members to be appointed by Kraft. • 1 member to be appointed by Western Hills Baseball. • 1 member to be appointed by Western Hills Softball.
LEASE STRUCTURE	
Master Lease	<ul style="list-style-type: none"> • NewCo will negotiate and enter into the Master Lease.

	<ul style="list-style-type: none"> • NewCo shall act as the liaison with the City regarding all matters related to the Master Lease during the term.
<p>Sublease Agreements</p>	<ul style="list-style-type: none"> • Simultaneous with NewCo entering the Master Lease, NewCo will enter into a sublease agreement with each of the Athletic Organizations (each, a “<u>Sublease Agreement</u>” and, collectively, the “<u>Sublease Agreements</u>”). • The Sublease Agreements shall include terms and conditions that are mutually acceptable to the parties thereto, including, but not limited to: <ul style="list-style-type: none"> ○ access by and use of the Site by the Athletic Organizations in a manner consistent with past practices of such Athletic Organizations; ○ non-disturbance provisions; ○ step-in rights in favor of the Athletic Organizations if NewCo fails to fulfill its obligations under the Master Lease; and ○ limited termination rights by NewCo (e.g. NewCo may only terminate a Sublease Agreement for material breach of a Sublease Agreement by the applicable Athletic Organization or for willful misconduct, gross negligence or violation of law by such Athletic Organization). • The Sublease Agreements shall contain such other reasonable provisions not inconsistent with those herein as are customary for the sublease of a public facility of the same or substantially similar type and usage as the Site.
<p>SITE MANAGEMENT TERMS</p>	
<p>Operating Expenses</p>	<ul style="list-style-type: none"> • Pursuant to the terms and conditions of the Sublease Agreements, and except as otherwise provided herein, the Athletic Organizations will be responsible for the costs associated with the Site during the term on a 50-50 basis similar to past practices, including, without limitation, operating, utilities, insurance, and maintenance costs (the “<u>Operating Expenses</u>”); provided, that if the parties elect for NewCo to pay (or NewCo otherwise pays) such Operating Expenses on behalf of the Athletic Organizations, then the Athletic Organizations shall promptly reimburse NewCo for such expenses. • At least 30 days prior to the end of each calendar year during the term, the Board of Directors of NewCo shall meet and approve the proposed budget for the upcoming year.
<p>Capital Repairs and Improvements</p>	<ul style="list-style-type: none"> • NewCo shall be responsible for all capital repairs, replacements, and improvements to the Site. NewCo shall make (or cause others to make) such capital repairs, replacements, and improvements such that the Site remains a safe, clean, attractive and quality facility as determined by the Board of Directors of NewCo in its reasonable discretion.

	<ul style="list-style-type: none"> • For any capital improvements, NewCo will coordinate with the City for any necessary approvals. • Kraft desires to commit material funds to NewCo for purposes of capital repairs, replacements, and improvements to the Site during the term of the Master Lease. Kraft agrees to commit at least \$100,000.00 to be used towards capital repairs, replacements and improvements, including, but not limited to, renovating the Field House into a functional café and restaurant as well as repairing and enhancing the seating, the batting cages and the turf at the Site. • Each of the Athletic Organizations shall contribute certain amounts to NewCo for capital repairs, replacements, and improvements to the Site during the term in a manner consistent with each Athletic Organization's past practices with respect to contributing to capital repairs, replacements and improvements to the Site. • At least 30 days prior to the end of each calendar year during the term, the Board of Directors of NewCo shall meet and approve the proposed capital improvement plan for the upcoming year.
Rent	<ul style="list-style-type: none"> • Pursuant to the terms and conditions of the Sublease Agreements, the Athletic Organizations will be responsible for the monthly rental amount under the Master Lease on a 50-50 basis similar to past practices; provided, that if the parties elect for NewCo to pay (or NewCo otherwise pays) such rent during the term on behalf of the Athletic Organizations, then the Athletic Organizations shall promptly reimburse NewCo for such payments.
Revenues from Athletic Organization Activities	<ul style="list-style-type: none"> • Except as otherwise provided herein, each of the Athletic Organizations shall market, control, and be entitled to receive and retain all revenues relating to the operations of its organization.
Concessions	<ul style="list-style-type: none"> • Kraft shall have the exclusive right on behalf of NewCo to select and to establish the contractual terms for the Site concessionaires and NewCo shall have the exclusive right to market, sell, and retain all concessions and hospitality revenue from all events held at the Site, and shall be responsible for the costs and expenses incurred in connection therewith (including costs and expenses related to the Field House).
Vendor Agreements	<ul style="list-style-type: none"> • NewCo shall be responsible for identifying, entering into, and managing third-party vendor contracts for the Site.
Sponsorships	<ul style="list-style-type: none"> • NewCo shall be responsible for identifying and entering into sponsorship contracts for the Fields. Any revenues that may be generated by such sponsorships shall be allocated among the annual rental amount, Operating Expenses and capital expenses as determined by the Board of Directors of NewCo in its reasonable discretion; provided, that at least 50% of any revenues (net of applicable expenses) shall be applied towards the annual rental amount under the Master Lease, and, to the extent such revenues exceed such annual rental amount, towards Operating Expenses.

<p>Other Activities on the Site and Revenues Related thereto</p>	<ul style="list-style-type: none"> • NewCo shall have, subject to the terms and conditions set forth in the Sublease Agreements, the right to use the Fields for neighborhood-oriented events, based on availability and as agreed upon by the parties hereto, for no rental fee and at no additional cost to NewCo (other than direct event costs and any damages caused to the Fields in connection with such events). • NewCo shall have the unlimited right to use other areas of the Site (that do not require the use of the fields) for concessions or other neighborhood-oriented events, for no rental fee and at no additional cost to NewCo (other than direct event costs and any damages caused to the Fields in connection with such events). • NewCo shall receive all direct revenues from any such events including concessions, merchandise, parking, etc., and such revenues shall be redeployed into capital repairs, replacements, and improvements at the Site.
<p>MISCELLANEOUS</p>	
<p>Definitive Agreements</p>	<ul style="list-style-type: none"> • The parties shall negotiate in good faith on behalf of NewCo with the City for the Master Lease, which shall contain terms and conditions mutually agreeable to each of the parties hereto. The parties shall negotiate in good faith the terms of Sublease Agreements, which shall be consistent with the terms of this Term Sheet and which may include additional terms customary for transactions of this nature and not inconsistent with this Term Sheet. None of the parties hereto will be bound to any of the above described terms unless and until NewCo executes the Master Lease and the parties hereto execute the Sublease Agreements. In that event, each of the executed agreements, and not this Term Sheet, will govern the transaction.
<p>Termination</p>	<ul style="list-style-type: none"> • This proposal set forth in this Term Sheet will automatically terminate and be of no further force and effect upon the earlier of (i) execution of the Master Lease and the Sublease Agreements, (ii) mutual agreement of the parties hereto, and (iii) 5:00 p.m., Austin time, on Thursday, August 1, 2019.
<p>Governing Law</p>	<ul style="list-style-type: none"> • THIS TERM SHEET SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH INTERNAL LAWS OF THE STATE OF TEXAS, WITHOUT GIVING EFFECT TO ANY CHOICE OR CONFLICT OF LAW PROVISION OR RULE (WHETHER OF THE STATE OF TEXAS OR ANY OTHER JURISDICTION) THAT WOULD CAUSE THE APPLICATION OF LAWS OF ANY JURISDICTION OTHER THAN THOSE OF THE STATE OF TEXAS.
<p>Expenses</p>	<ul style="list-style-type: none"> • Each party will pay its own transaction fees and expenses in connection with the evaluation, negotiation and consummation of the contemplated transactions.
<p>Non-Binding Agreement</p>	<ul style="list-style-type: none"> • This Term Sheet reflects the intention of the parties hereto, but for the avoidance of doubt neither this Term Sheet nor its acceptance

	<p>shall give rise to any legally binding or enforceable obligation on any party hereto, except with respect to the sections entitled "Termination", "Governing Law" and "Expenses" hereof. No contract or agreement providing for any transaction involving the parties hereto shall be deemed to exist unless and until the Master Lease and Sublease Agreements have been executed and delivered.</p>
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