

BOARD OF SUPERVISORS
Agenda Item


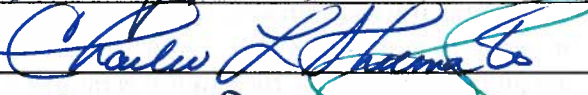


Meeting Date:	March 3, 2015
Title:	Authorize the County Administrator to Advertise a Public Hearing to Consider Execution of a Lease at the Jeff Rouse Swim and Sport Center
Department:	County Administration
Staff Contact:	Keith C. Dayton
Board Committee/ Other BACC:	N/A
Staff Recommendation:	Approval
Budget Impact:	See Background Report
Time Sensitivity:	N/A

ATTACHMENTS:

1.	Background Report	5.	Graphic
2.	Resolution R13-400 dtd. 12/17/13	6.	Proposed Resolution R15-77
3.	Draft Lease	7.	Proposed Resolution R15-76
4.	Draft Business Plan		

<input type="checkbox"/>	Consent Agenda	<input type="checkbox"/>	Other Business	<input type="checkbox"/>	Unfinished Business
<input type="checkbox"/>	Discussion	<input type="checkbox"/>	Presentation	<input type="checkbox"/>	Work Session
<input checked="" type="checkbox"/>	New Business	<input type="checkbox"/>	Public Hearing	<input type="checkbox"/>	Add-On

REVIEW:

<input checked="" type="checkbox"/>	County Administrator	
<input checked="" type="checkbox"/>	County Attorney	
<input checked="" type="checkbox"/>	Finance and Budget	
<input checked="" type="checkbox"/>	Parks, Recreation, and Community Facilities	

DISTRICT:	Garrisonville
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BACKGROUND REPORT

The Board authorized construction of the 76,000 square foot Jeff Rouse Swim and Sport Center (Center) to provide a wide array of recreational opportunities for Stafford. The facility will include a variety of athletic workout facilities, classrooms, and a gymnasium, along with a natatorium containing a 100 meter deep water competition pool with seating for approximately 800 spectators, a 25-yard family and warm up pool with a shallow play area, and a therapy pool. The Center will allow our residents an opportunity to experience a broad range of athletic activities, while providing a first class venue for large swimming meets.

The Board, by adoption of Resolution R13-400 (Attachment 2), desired to solicit proposals from firms interested in operating the Center. Following public solicitation, the County received responses from three firms - Aquatic Management, Inc.; Eastern Sports Management, now doing business as ESM Embrey Mill, LLC (ESM); and the Rappahannock YMCA (RYMCA). After initial review of the proposals, staff determined that the proposal by Aquatic Managements did not provide sufficient information for evaluation, and was found to be non-responsive and removed from further consideration.

The remaining two proposals were reviewed by a committee comprised of County staff from Parks, Recreation, and Community Facilities, Finance and Budget, and County Administration. The proposals were reviewed using the evaluation criteria included with the request for proposals. Additionally, the committee conducted interviews with each proposer's team, provided follow-up questions and requests for additional information, and conducted site visits of representative facilities.

Each firm offered a strong operational approach with many advantages to the County. Areas of particular strength for the RYMCA included their experience managing facilities with both aquatics and athletic training components similar to the Center. ESM was notably strong with their approach to accommodating residents of Stafford in their user fee structure, their commitment to marketing the facility for large swimming meets, and their strategy to integrate operations of the Center with the adjacent rectangular field complex. ESM's emphasis on marketing the facility to the local resident population as well as for major regional competitions, along with enhanced expenditure control, resulted in a more favorable long term financial outlook.

Following the review of the original proposals, subsequent information provided by each proposer, interview results, and site visits, staff believes that the operation of the Center by ESM would be in the best interest of Stafford County.

Staff then proceeded to work with ESM's management staff to develop a lease agreement for the Center, which defines the responsibilities of both parties. The draft lease (Attachment 3) establishes the term, monetary compensation, operational guidelines, maintenance responsibilities, and other terms and conditions. Certain key provisions of the lease are noted below.

- Lease term of 20 years, with termination provisions for default;
- Annual rent payment of \$1, with net revenue sharing provisions of 60% to County and 40% to ESM until the annual debt service and County maintenance costs are covered, then 50% to the County and 50% to ESM after that. Net revenue is calculated after all expenses are deducted from gross proceeds;
- The County will be responsible for maintaining the exterior and structural elements of the Center, along with exterior utilities, while ESM will be responsible to maintain the interior of the Center, to include mechanical, electrical, and aquatic systems. ESM will be responsible to maintain the parking lot and entrance to the Center, to include grass and landscaped areas;
- The County will retain full responsibility for operation and maintenance of the rectangular fields, along with the parking and common areas associated with those fields. This includes scheduling and staffing recreational programs. ESM will have access to the fields for scheduling regular sports programming during open periods, and for recruiting and managing tournaments;
- ESM will schedule and manage the athletic, gymnasium, and classroom areas exclusively;

- ESM will schedule and manage the aquatics area, with the County retaining the authority to intervene with scheduling for certain user groups and during time periods of greatest demand. The County also retains the right to schedule and manage certain aquatics programs in all three pools on specified days and times;
- ESM will offer discounted rates for Stafford County residents;
- ESM will be allowed to market sponsorship/naming packages subject to the County's approval;
- ESM shall maintain liability and property insurance in the specified amounts; and
- ESM's business plan (Attachment 4) will be incorporated into the lease, providing additional specificity pertaining to the operation of the Center. While amendments to the lease require Board action, the business plan is intended to be more flexible, and can be modified administratively.

Key provisions of the Business Plan (Plan) are noted below.

- Provides details on the mission and operating philosophy of the Center;
- Identifies the athletic and recreational products to be offered, and the pricing structure for these activities;
- Provides information on the management structure proposed for the Center, as well as hiring procedures and security;
- Provides details on the software and IT systems to be employed for registration, accounting and reporting purposes;
- Specifies measures to be taken to enhance marketing of the Center for membership and team-based activities, and for promoting the venue to organizations sponsoring major meets and tournaments;
- Provides details on the methods used for tracking and reporting income from the Center's activities;
- Projects income and expenses from various sources over a 3-year period;
- Identifies a standard of care for the interior and exterior areas for which ESM is responsible. The standard of care included in the Plan is consistent with that followed at County run facilities; and
- Specifies the reserved space and times for County school swim teams, swim clubs, as well as for County sponsored recreational programs.

Staff believes that ESM's operation of the Center will offer County residents a wide variety of athletic and recreational opportunities in a well-managed and maintained venue. Furthermore, ESM has an understanding of the sports industry, and shares the motivation to partner with the County, to leverage this first-class facility to attract large, well-attended swimming meets and tournaments to advance economic development efforts in Stafford County.

Construction of the Center is financed by tax-exempt bond funding offered by the Virginia Resources Authority (VRA). Use of a for-profit company to operate the Center affects the status of the tax-exempt financing. Staff consulted with the County's bond counsel, McGuire Woods, LLP, to develop a strategy that protects the tax-exempt status of the County's financing. The details of this approach are being presented to VRA for their review and concurrence. County staff expects a formal response prior to final action by the Board on the lease. While we do not expect any complications in this regard, proposed Resolution R15-77 (Attachment 6) includes language requiring approval by VRA prior to the execution of the lease.

A public hearing is required for the County to convey any interests in County-owned property. Proposed Resolution R15-76 authorizes the County Administrator to advertise a public hearing to allow public input regarding the proposed lease. Staff recommends approval.

R13-400

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, Stafford County Administration Center, Stafford, Virginia, on the 17th day of December, 2013:

<u>MEMBERS:</u>	<u>VOTE:</u>
Susan B. Stimpson, Chairman	Yes
Robert "Bob" Thomas, Jr., Vice Chairman	Yes
Jack R. Cavalier	Yes
Paul V. Milde III	Yes
Ty A. Schieber	Yes
Gary F. Snellings	Yes
Cord A. Sterling	Yes

On motion of Mr. Schieber, seconded by Mr. Cavalier, which carried by a vote of 7 to 0, the following was adopted:

A RESOLUTION AUTHORIZING THE COUNTY ADMINISTRATOR TO ADVERTISE THE SOLICITATION OF PROPOSALS FOR A PRIVATE OPERATOR FOR THE INDOOR RECREATION CENTER AT THE PARK AT EMBREY MILL

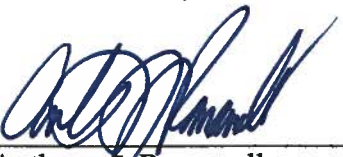
WHEREAS, the Board authorized design of a 76,000 square foot indoor recreation center at the Park at Embrey Mill, with aerobics and resistance training workout areas, a gymnasium, a classroom, and aquatics amenities; and

WHEREAS, the Board desires that operation and maintenance of this facility, along the broad array of recreational programs it will offer, be the responsibility of a private firm with experience in managing similar facilities; and

WHEREAS, it is required and desired that a Request for Proposal be issued to solicit proposals from interested firms;

NOW, THEREFORE, BE IT RESOLVED by the Stafford County Board of Supervisors on this the 17th day of December, 2013, that the County Administrator is authorized to solicit proposals from interested parties for a private operator for the indoor recreation center at the Park at Embrey Mill.

A Copy, teste:



Anthony J. Romanello, ICMA-CM
County Administrator

Stafford County Tax Map Parcel 29-53C (portion of)

LEASE

BETWEEN

**BOARD OF SUPERVISORS OF THE
COUNTY OF STAFFORD, VIRGINIA**

(LANDLORD)

AND

ESM EMBREY MILL, LLC

(Tenant)

Operation and Maintenance of the Jeff Rouse Swim and Sports Center

_____, 2015

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Exhibit A – Real Estate and Common Areas – Tenant CAM Area and County CAM Area

Exhibit B – Equipment, Personal Property, Fixtures and Supplies

Exhibit C – Plans and Specifications

Exhibit D – Board of Supervisors Resolution

Exhibit E – Memorandum of Lease

Exhibit F – Business Plan

DEED OF LEASE

THIS DEED OF LEASE is made as of _____, 2015, between the **BOARD OF SUPERVISORS OF STAFFORD COUNTY, VIRGINIA**, the governing body of Stafford County, a political subdivision of the Commonwealth of Virginia (the "**County**"), as Landlord, and **ESM EMBREY MILL, LLC**, a Virginia limited liability company ("**Tenant**"), as Tenant.

RECITALS

A. The County has executed professional services contract for the construction of the Building (as defined herein) to be located within the Embrey Mill development at 1600 Mine Road and located on that portion of Stafford County Tax Map Parcel 29-53C and as shown on **Exhibit A** (the "**Real Estate**"). The Building and the Real Estate are collectively referred to as the "**Leased Premises.**"

B. The County shall construct the Building on the Leased Premises in accordance with the Plans and Specifications (as defined herein).

C. Eastern Sports Management, LLC ("**ESM**") submitted a proposal on behalf of Tenant for the operation and maintenance of the Leased Premises in response the County's Request for Proposal #227144. The County accepted and approved ESM's proposal. Tenant desires to lease from the County and the County desires to lease to Tenant the Leased Premises. The County is authorized under Code § 15.2-1800 to lease the Leased Premises to Tenant.

D. On _____, 2015, the Board held a public hearing on the lease of the Leased Premises to the Tenant in accordance with Code § 15.2-1800.

E. The County and Tenant agreed to enter into this Lease in order to set forth the terms and conditions under which the Leased Premises will be leased by the County to the Tenant.

NOW, THEREFORE, in consideration of the mutual covenants and promises contained in this Lease, the County and Tenant agree as follows:

ARTICLE I

DEFINITIONS AND RULES OF CONSTRUCTION

Section 1.1. Definitions. The following words and terms have the following meanings in this Lease unless the context clearly requires otherwise:

"**Additional Rent**" means the Additional Rent that is payable pursuant to Section 4.2.

"**Basic Rent**" means the Basic Rent that is payable pursuant to Section 4.2.

"**Building**" means the indoor recreation center consisting of an approximately 76,000 square feet to be constructed by the County in accordance with its contract with Loughridge & Company, LLC, and as described in the Plans & Specifications (as defined herein), including the equipment, personal property, fixtures and supplies as set forth in **Exhibit B**, but specifically excluding the Kitchen Equipment (as defined herein) which shall be the responsibility of Tenant.

“Board” means the Board of Supervisors of the County.

“Code” means the Virginia Code.

“Common Areas” means the pedestrian walkways, drive aisles, parking areas, and streets provided by the County for the general use of the County and the Tenant, and their officers, agents, employees, invitees, visitors, licensees, and customers within Embrey Mill Indoor Recreation Center and Athletic Field Complex as generally shown on **Exhibit A**.

“Commonwealth” means the Commonwealth of Virginia.

“County” means Stafford County, Virginia.

“Internal Revenue Code” means the Internal Revenue Code of 1986, as amended.

“Kitchen Equipment” means walk in cooler with three door beverage display, walk in freezer, fire suppression hood, vent hood, pizza oven, charbroiler, flat grill, basket fryers, sandwich prep station, pizza prep station, expediting station, nacho cheese warmer, popcorn maker and cookie oven, subject to modification by Tenant from time to time.

“Lease” means this Lease between the County and the Tenant, as it may be modified, altered, amended, and supplemented.

“Leased Premises” means the Real Estate and the Building.

“Lease Term” means the duration of the leasehold estate created by this Lease as specified in Section 4.1.

“Net Operating Income” means total revenue less costs of goods sold, labor expenses, general and administrative expenses, Building expenses, marketing expenses, insurance expenses, taxes, ESM management fees, capital repair expenses, and principal and interest payments for the Loan as permitted in Section 8.1, if any, and excluding non-cash charges and depreciation.

“Permitted Encumbrances” means, as of any particular time as to the Leased Premises, (i) liens for ad valorem taxes and special assessments not then delinquent, (ii) liens or taxes and assessments which are delinquent but the validity of which is being contested in good faith and with respect to which the Tenant has set aside adequate reserves for payment, unless, as a result of the lien, the Leased Premises or the interest of the County in it may be in danger of being lost or forfeited, (iii) mechanics' and materialmen's liens incident to the maintenance of the Leased Premises which are being contested in good faith and have not proceeded to judgment, provided the Tenant has set aside adequate reserves for payment, (iv) restrictions and mineral rights and easements, rights of way, exceptions or reservations for the purpose of utilities (including but not limited to water and gas pipelines, sanitary and storm sewers, telephone lines, telegraph lines, power lines, substations and other facilities and equipment used in connection with such utilities), roads, streets, alleys, highways, railroads, dikes, canals, laterals, ditches, and other like purposes, and (vi) present or future zoning ordinances and regulations.

“Plans & Specifications” means the architectural plans and specifications (i) titled “Embry Mill Recreation Center 1600 Mine Road Stafford County, Virginia” dated _____, prepared by John J. Burger, P.C., and (ii) titled “Indoor Pools For Embrey Mill Park Indoor Recreation Center Stafford County, Virginia” dated _____, prepared by John J. Burger, P.C., all of which are incorporated in this Lease as **Exhibit C**.

“**Real Estate**” means the part of the Leased Premises, as described in Exhibit A.

“**Rental Payments**” mean the sum of the Basic Rent and the Additional Rent set forth in Section 4.2.

Section 1.2. Rules of Construction. Except where the context otherwise requires, (i) singular words connote the plural number as well as the singular and vice versa, and (ii) pronouns inferring the masculine gender include the feminine and neuter genders, and vice versa. All references to particular articles or sections are references to articles or sections of this Lease unless otherwise indicated. The headings and Table of Contents in this Lease are solely for convenience of reference and do not constitute a part of this Lease or affect its meaning, construction, or effect.

ARTICLE II

REPRESENTATIONS

Section 2.1. Representations by the County. The County makes the following representations as the basis for its undertakings under this Lease:

- (a) The County is a political subdivision of the Commonwealth.
- (b) This Lease is authorized by a resolution adopted by the affirmative vote of a majority of the members of the Board present at a meeting at which a quorum was present and acting throughout, a copy of which is attached as Exhibit D.
- (c) The County is fee simple owner of the Real Estate.
- (d) The County is authorized to enter into and to carry out its obligations under this Lease.
- (e) The execution, delivery, and compliance by the County with this Lease will not conflict with or constitute or result in a default under or violation of any indenture, mortgage, deed of trust, lien, lease, contract, note, order, judgment, decree, or other agreement, instrument, or restriction of any kind to which the County or any of its assets is subject.
- (f) No litigation, inquiry, or investigation of any kind in or by any judicial or administrative court or agency is pending or, to the County's knowledge, threatened against it with respect to its execution and delivery of this Lease.

Section 2.2. Representations by Tenant. Tenant makes the following representations as the basis for its undertakings under this Lease:

- (a) Tenant has the power to enter into and to perform its obligations under this Lease and by proper action has duly authorized the execution and delivery of this Lease.
- (b) No litigation, inquiry, or investigation of any kind or by any judicial or administrative court or agency is pending or, to Tenant's knowledge, threatened against it with respect to the execution and delivery of this Lease or operation of the Leased Premises.

(c) Tenant is lawfully permitted to conduct business in the Commonwealth and enter into this Lease.

ARTICLE III

LEASE AND CONSTRUCTION OF THE BUILDING

Section 3.1. Lease of the Leased Premises. The County leases to Tenant, and Tenant leases from the County, the Leased Premises at the Rental Payments set forth in Section 4.2 and in accordance with this Lease. In addition to the Leased Premises, Tenant has the non-exclusive right to use the Common Areas. Subject to Tenant's rights and obligations as provided herein, the Common Areas shall at all times be subject to the County's exclusive control and management in accordance with this Lease.

Section 3.2. Use, Operation and Compliance with Laws. Throughout the term of this Lease, Tenant or any successor permitted under this Lease shall be permitted to operate and maintain the Leased Premises as an indoor recreational facility in compliance with the Lease and all applicable laws, regulations and governmental authority in any way affecting the Leased Premises. Tenant shall, at its own sole risk and expense, obtain and keep in force all governmental licenses and permits necessary for such use. Tenant shall at all times comply with all federal, state, and County laws, statutes, laws, regulations, requirements, codes, and ordinances applicable to Tenant's use of the Leased Premises. Tenant shall have the right to contest in good faith the validity of any requirement of governmental authority by appropriate legal proceedings, unless such proceedings shall operate to cause the sale of the Real Estate or any part, or the placing of any lien thereon or the imposition of fines or other civil or criminal liability prior to the final determination of such proceedings.

Tenant shall manage and organize all aspects of the Leased Premises and its operation, including, but not limited to, the various recreational and athletic programs and competitive events for individuals and teams, including, but not limited to, swim meets, triathlon events, and leagues and tournaments for basketball, volleyball, soccer, flag football, and other indoor sports and in general conformance with the Business Plan attached hereto and incorporated herein as **Exhibit F**. The Business Plan may be modified from time to time, in writing, as agreed upon by Tenant and the County's Administrator or his designee. If a conflict is found to exist between this Lease and the Business Plan, the terms of this Lease shall control. The County acknowledges that Tenant has prepared this Business Plan based upon its current understanding of the industry, the market and its future plans. No independent public accountants have audited or compiled the various financial projections set forth in this Business Plan, and, accordingly, none express an opinion or any other form of assurance with respect to such projections. The projected financial information is Tenant's projection of possible future results and is dependent on many factors over which Tenant has no control. Neither Tenant nor any of its representatives makes any express or implied representation or warranty as to the attainability of these projections or the accuracy, completeness or reasonableness of the assumptions from which they are derived. The projections of the Tenant's future performance are necessarily subject to a high degree of uncertainty and may vary materially from actual results. The County and Tenant shall meet periodically throughout the Term (as defined herein) to review, revise and modify the terms of the Business Plan based upon demand for the services offered and the costs associated with providing those services to the public.

Section 3.3. Construction of Leased Premises. The County shall construct the Building in accordance with (i) the Plans and Specifications, and (ii) the installation instructions provided by any manufacturer of any component part (including, without limitation, all mechanical systems and fixtures) or the applicable building code, whichever standard is higher. In addition, the County shall construct the Common Areas.

Section 3.4. Final Inspection and Warranties. On or prior to the Commencement Date (a) the County shall obtain a final inspection and a certificate of occupancy for the Leased Premises; (b) the County and Tenant shall inspect the Leased Premises and prepare and sign a punch list of all unfinished and damaged items, and thereafter the County shall promptly complete and/or repair all such items (provided, however, that such items shall not delay the commencement of the Term, subject to this Section); and (c) the County shall remove all debris and non-usable material from the Leased Premises and shall deliver the Building to Tenant broom clean and safe for occupancy.

The County shall assign all warranties from the County's general contractor, subcontractors, and equipment manufacturers to Tenant, to the extent assignable, including, without limitation, those for the furnaces, heating system, ventilation and air conditioning system, electrical systems, pool systems and all other equipment installed on the Leased Premises, excluding those warranties for systems, improvements or equipment for which the County is responsible as provided in Section 5.1.

ARTICLE IV

LEASE TERM AND RENT PROVISIONS

Section 4.1. Term of Lease; Delay. (a) The Lease Term for the Leased Premises will commence at a mutually agreed upon date not later than thirty (30) days after receipt of an Occupancy Permit for the Building (the "**Commencement Date**") and shall terminate on the last day of the twentieth consecutive Lease Year (the "**Lease Term**"). "Lease Year" shall mean a period of 12 consecutive full calendar months. The first Lease Year shall begin on the Commencement Date if such date is the first day of a calendar month. If the Commencement Date is not the first day of a calendar month, the first Lease Year shall begin on the first day of the calendar month next following the Commencement Date. Each succeeding Lease Year shall commence on the anniversary date of the first Lease Year. Any occupancy of the Leased Premises by Tenant prior to the Commencement Date shall be subject to this Lease (including, without limitation, insurance and indemnity). If the Leased Premises is not substantially completed and possession is delayed after the Commencement Date, this Lease shall not be terminable, but delivery and commencement shall be delayed a reasonable period to permit completion not to exceed six months, including temporary occupancy permit. Tenant shall accept the Leased Premises upon substantial completion and minor punchlist work which does not prevent occupancy by Tenant and which shall not be grounds for delaying acceptance.

Section 4.2. Payment of Rental Payments. Tenant shall pay to the County as rent under this Lease One Dollar (\$1.00) per year ("**Basic Rent**") payable in advance of the date of execution and delivery of this Lease. In addition, all other sums due to be paid to the County by Tenant, reimbursed to the County by Tenant under this Lease, or to be paid by the Tenant on behalf of the County shall be collectively referred to as "**Additional Rent.**" This Lease will be deemed and construed to be a triple net lease. During the Lease Term, Tenant will pay absolutely net the Rental Payments and all other payments required under this Lease, free of any or all deductions, diminutions, and set-offs.

Section 4.3. Revenue Sharing. (a) In addition to the payment of Basic Rent, Tenant shall pay to the County, a sum equivalent to 60% of the Net Operating Income for each quarter, except as noted below; provided that prior to such distribution Tenant shall hold back sufficient funds in Tenant's operating account to plan for capital or operational needs of the Leased Premises. In the event the County's share of the Net Operating Income exceeds its debt service, plus any maintenance costs incurred under Section 5.1 below, for the Leased Premises, the Basic Rent for the amount in excess of the debt service shall equal 50% of the Net Operating Income. County shall provide to the Tenant satisfactory written documentation confirming the County's debt service within thirty (30) days of the Commencement Date. Such amounts shall be collectible as Additional Rent and payable to the County promptly, but no later than 30 days after the end of each quarter.

(b) For aquatic programs managed and staffed by the County, the County shall retain 65% of all proceeds, with the remaining 35% paid to Tenant.

Section 4.4. Reports. Tenant shall provide to the County on a quarterly basis a financial statement covering all income and expenses related to the Lease Premises during the preceding quarter, which is prepared in accordance with generally accepted accounting principles by an independent certified public accountant that is approved by the County, such approval not to be unreasonably withheld. In addition, Tenant shall promptly provide upon the County's request, any additional information prepared by Tenant regarding the income and expenses related to the Lease Premises that the County reasonably determines is necessary or appropriate.

Section 4.5. Indemnification. (a) Tenant, at all times, shall protect, indemnify, and save harmless the County and the Board and their supervisors, officers, employees, agents, and representatives (collectively, "**Indemnitees**") from and against all liabilities, obligations, claims, damages, penalties, fines, losses, costs, and expenses (including, without limitation, reasonable attorneys' fees) for all acts or failure to act (or alleged failure to act) in connection with the Leased Premises, and the operation, maintenance, and preservation of the Leased Premises, including, without limitation: (i) all amounts paid in settlement of any litigation commenced or threatened against the Indemnitees, if such settlement is effected with the written consent of Tenant, such consent not to be unreasonably withheld; (ii) all expenses reasonably incurred in the investigation of, preparation for, or defense of any litigation, proceeding, or investigation of any nature whatsoever, commenced or threatened against Tenant, the Leased Premises, or the Indemnitees; (iii) the full amount of any judgments, orders, penalties, fines, damages, assessments, indemnities, or contributions; and (iv) the reasonable fees and expenses of attorneys, auditors, experts, and consultants, and other legal expenses.

(b) This indemnity shall be effective only to the extent of any loss that may be sustained by the Indemnitees in excess of the net proceeds received from any insurance carried with respect to such loss, and the benefits of this Section shall not inure to any person other than the Indemnitees. Nothing in this Lease shall require Tenant to indemnify the Indemnitees for any (i) claim or liability resulting from their gross negligence or willful or wrongful acts, or (ii) any liabilities, obligations, claims, damages, penalties, fines, losses, costs, and expenses resulting from Indemnitees' personal and non-governmental use of the Leased Premises.

(c) This Section 4.5 shall survive the expiration or termination of this Lease, regardless of (i) the reason for termination, (ii) which party terminates the Lease, or (iii) when the Lease expires or is terminated.

Section 4.6. Title to Improvements. Title to the Building on the Real Estate shall be deemed to be in the County at all times.

Section 4.7. Right of First Offer. The design of the Building allows for a future expansion of the Building up to an additional 15,000 square feet, which may be served by a separate entrance and shall be served by separate or independent building systems (i.e. HVAC, electric, water, sewer, fiberoptic, cable, roof, etc.) (“Additional Leased Premises”). The need for a separate entrance shall be determined by whether the Additional Leased Premises are leased by the Tenant or other party as discussed below. At the time this Lease is fully executed, there is no funding identified for the construction of this Additional Leased Premises in the current County Capital Improvement Plan. If the County constructs the Additional Leased Premises during the Lease Term, Tenant shall have the first right to lease the Additional Leased Premises in accordance with this Lease prior to the County offering to lease the Additional Leased Premises to another tenant. This right of first offer does not prevent or affect the County’s ability to use and/or operate the additional 15,000 square feet itself. Tenant shall have 30 days to accept or refuse the Additional Leased Premises, provided in writing to the County. If Tenant does not elect to lease the Additional Leased Premises and such space is leased to a third party, such right of first offer shall terminate. Nothing in this section prevents the County and Tenant from mutually-agreeing to lease the 15,000 additional feet to a third party.

ARTICLE V

OPERATION AND MAINTENANCE; INSURANCE

Section 5.1. County Services. It shall be County’s responsibility, at County’s sole cost and expense and without reimbursement from EMS, to maintain in good order, condition and repair: (a) the exterior structural walls, load bearing walls, the outside face of the exterior walls, and all windows and doors of the Building, (b) foundations and exterior roofs, including gutters and downspouts, of the Building (c) the stormwater management facilities serving the Leased Premises; and (d) natural gas, water, and sewer facilities up to the edge of a utility easement or meter with Tenant responsible from that point up to, and into, the Building, provided that the County may provide propane gas for the initial ____ of the Lease Term. The County will assume primary responsibility for installing the Common Areas serving the Leased Premises. Except in an emergency, County shall use reasonable efforts to perform any repairs or maintenance during the non-business hours of the Tenant and in such a manner so as not to interfere with the normal operation of the Tenant’s business. Tenant may, but shall not be obligated to, perform any of such repairs which are of an emergency nature or which are not completed by County within a reasonable time after notification by Tenant of the necessity therefor. In the event Tenant performs any of such repairs, Tenant shall be entitled to be reimbursed by County for the reasonable cost thereof, upon providing to County bills for the cost of any such repairs.

Section 5.2. Operation, Maintenance, and Modifications by Tenant. During the Lease Term, Tenant will, at its own sole expense, operate and maintain the Leased Premises, and that portion of the Common Areas designated as Tenant Common Area Maintenance Area (“**Tenant CAM Area**”) on **Exhibit A**, excluding the Outdoor Fields (as defined in Section 5.3), in good repair, attractive appearance, and good operating condition (normal wear and tear excepted), including the immediately adjacent sidewalk, parking areas, bathrooms, lawn and landscaping adjacent to the Building, entrance road, and any tot lots or playground amenities Tenant desires to add in the future. Tenant shall operate and maintain the Leased Premises in accordance with the standard of care as set forth in the Business Plan and shall pay the cost of such operation, maintenance, repair, and replacement, including, but not limited to, water, heat, air conditioning, light, electricity, repairs, replacements, interior security cameras, janitorial, cleaning and caretaking services (excluding utility installation and connection charges that the County will pay) all at Tenant’s sole expense and without the right of reimbursement from the County. The County will not be required to make any repairs, renewals, or replacements of the Leased Premises of any nature whatsoever except as otherwise provided in herein. Tenant expressly waives any right it may

have to make any repairs, renewals, or replacements at the County's expense. Any contractor for the maintenance of such systems shall be subject to the prior written consent of the County, which consent shall not be unreasonably withheld, conditioned or delayed. If Tenant fails to start any maintenance, repairs, or replacement within 15 calendar days after written notice by the County or to promptly complete such maintenance, repairs, or replacement, then the County may provide such repairs or maintenance for the account of the Tenant and the cost shall be added to and collected with the next monthly installment of the Rental Payments.

Section 5.3. Outdoor Fields. Eleven outdoor fields, as shown on Exhibit A, are proposed to be located on or adjacent to the Leased Premises (the "**Outdoor Fields**"). The County Parks and Recreation Department shall install, maintain, repair and manage the Outdoor Fields and that portion of the Common Areas designated as County Common Area Maintenance Area ("**County CAM Area**") on Exhibit A, and shall set price schedules and use schedules. Tenant shall create, market, and operate leagues, tournaments, camps and clinics for the Outdoor Fields. Tenant shall communicate with County field programmers the inventory necessary for these products and the County will reserve those fields. If registration for these products falls short of projections, Tenant will release inventory back to the County as soon as possible, but no later than 30 days after regular registration (not late or walk-up registration) closes. The County shall charge Tenant for usage of the Outdoor Fields in accordance with the price schedule in the Business Plan. Tenant shall provide the County by November of each year their anticipated usage of the Outdoor Fields for the following year. The County shall supply Tenant with a rate sheet for field usage. In addition to County personnel, Tenant shall market unscheduled hours on the Outdoor Fields to user groups. The kitchen facilities within the Building will serve in support of the outside operation to reduce management and operation costs. All revenue and expenses generated by Tenant on the Outdoor Fields and outdoor concessions, if any, will flow through the books of Tenant. All revenue and expenses generated by the County on the Outdoor Fields and concessions will be retained solely by the County.

Section 5.4. Aquatics. Tenant shall manage the indoor pools, and set price schedules and use schedules, except that the County shall retain the right to monitor and adjust schedules for those users and those times identified in Paragraph 17 of the Business Plan. The County shall be allotted time for scheduling and use of the indoor pools to conduct aquatic programs, as outlined in the Business Plan. When using the indoor pools, the County shall staff its own programs, but not to the exclusion of Tenant's employees, agents, or contractors assigned to the work, maintenance, orderly operation, and/or safety of the indoor pools. The County shall communicate with Tenant the inventory necessary for the County to use the indoor pools and Tenant will reserve the appropriate indoor pool space(s). If registration for the County's programs falls short of projections, the County will reduce or release inventory back to Tenant when the specific registration period for that specific program is closed. The rate set for the County's usage of the indoor pools and/or any revenue sharing arrangement, shall be as set out in Paragraph 4.3.

Section 5.5. Sponsorship and Signage. Tenant shall have the right to sell co-naming packages for the Building, with Board of Supervisor's approval. Tenant shall not place or suffer to be placed or maintained on any exterior door, wall or window of the Leased Premises any sign or advertising matter or other thing of any kind, and shall not place or maintain any decoration, lettering or advertising matter on the glass of any window or door of the Leased Premises without first obtaining the prior written consent of the County, which consent shall not be unreasonably withheld, conditioned or delayed. Notwithstanding the County's consent, any signs installed by Tenant shall comply with all applicable laws and regulations. Tenant further agrees to maintain such signs, lettering, advertising matter or other thing as may be approved in good condition and repair at all times.

Section 5.6. Alcohol. At no time shall Tenant routinely serve alcoholic beverages on the Leased Premises, pursuant to an on-premises license from the Virginia Department of Alcohol Beverage Control (“ABC”). This paragraph shall not exclude the Tenant, or any third-party vendor, from serving alcoholic beverages on the Leased Premises episodically, provided the following are met: (1) a banquet or any other appropriate license is obtained from ABC; (2) the manner and location in which the alcoholic beverages are to be served and consumed, comply with the standards required by the County’s Park and Recreation Department for alcohol service and consumption at other County-owned parks; and (3) Tenant provides the County with five (5) days’ prior notice when it and/or a third party will have alcoholic beverages on the Leased Premises.

Section 5.7. Taxes, Other Governmental Charges, and Utility Charges. Tenant shall pay when due all taxes and governmental charges of any kind whatsoever lawfully assessed, levied, or imposed against the County or Tenant with respect to the Leased Premises or any machinery, equipment, or other property installed in or on, or brought by Tenant to, the Leased Premises. Tenant shall pay when due all utility and other charges incurred in the operation, maintenance, use, and occupancy of the Leased Premises, and all assessments and charges lawfully made by any governmental body for public improvements to the Leased Premises. Tenant may, however, upon ten business days' written notice from the Tenant to the County of the Tenant's intention to do so, at its sole expense and in its own name or in the name of the County (but only with the County’s written consent), contest in good faith any such tax, assessment, utility or other charge, in which event it may permit the charge to remain unpaid during the period of the contest and any appeal unless, in the sole opinion of the County, the action may subject the County to loss or forfeiture, in which event the charge shall be promptly satisfied or secured by posting with the County or an appropriate court of record, or appropriate department or agency, a bond in form and amount reasonably satisfactory to the County, in its sole discretion.

Section 5.8. Additional Rights of the Tenant. Tenant may from time-to-time, in its discretion and at its sole expense, install machinery, equipment, and furnishings at the Leased Premises. All machinery, equipment, and furnishings installed by Tenant will remain the property of Tenant and the County will not have any interest in them. Tenant shall promptly pay all contractors and materialmen in full so as to avoid the possibility of any lien being asserted against the Leased Premises and if any such lien is asserted or filed, Tenant shall take all action that is necessary to have such lien released within 30 calendar days after the Tenant receives notice. Tenant shall not make or cause to be made any alterations, additions, or improvements or install or cause to be installed any trade fixtures or equipment, floor covering, interior or exterior lighting, plumbing fixtures, or make any changes to the Leased Premises without the prior written consent and approval of the County, which approval and consent shall not be unreasonably withheld. Tenant shall present to the County plans and specifications for such work at the time such approval and consent is sought. The County, in its sole discretion, may request additional information from Tenant about any proposed work, which Tenant shall promptly provide to the County. Tenant’s contractor and any subcontractor shall be subject to the County's prior written approval. The County may, in its sole discretion, condition its approval on the contractor's or subcontractor's evidencing to the County that it maintains liability insurance in an amount satisfactory to the County.

Section 5.9. Tenant’s Liability Insurance. During the Term of this Lease, Tenant at Tenant's sole cost, shall obtain and maintain, with a reputable insurer reasonably acceptable to County, for the benefit of County and Tenant as their respective interests may appear, commercial general liability insurance policy against any claim for damages which may result from the use or occupation or condition of the Leased Premises, in an amount of Two Million Dollars (\$2,000,000.00) for combined single limit for bodily injury and property damage and a Five Million Dollar (\$5,000,000.00) umbrella liability policy. Tenant shall name County as an additional insured as its interests may appear under said insurance policies and the Tenant shall furnish the County with copies of the certificates of insurance

evidencing coverage under the said policies. In addition to the foregoing, Tenant shall not cancel such coverage without thirty (30) day's prior notice to County.

Section 5.10. Tenant's Property Insurance. During the Term of this Lease, Tenant shall keep the building or buildings, including all improvements, alterations, additions or changes thereto by County or Tenant, insured against damage or destruction by fire and the perils covered under a special risk insurance policy to the extent of the full replacement value thereof at time of the loss. Tenant shall name County as an additional insured as its interests may appear under the aforesaid insurance policy and annually furnish the County with a copy of the certificate of insurance evidencing coverage under the said policy. In addition to the foregoing, Tenant shall not cancel such coverage without thirty (30) day's prior notice to County. Tenant shall also insure all of Tenant's personal property including without limitation all equipment, fixtures, vehicles, furniture, appliances and inventory against all damage or destruction by fire and other perils covered under a special form risk insurance policy or its equivalent, at replacement cost.

Section 5.11. Triple Net Lease. This Lease will be deemed and construed to be a triple net lease, During the Lease Term, Tenant will pay absolutely net the Rental Payments and all other payments required under this Lease, free of any or all deductions, diminutions, and set-offs.

Section 5.12. Advances by the County. If Tenant fails to make any payment or perform any act required of it under this Lease, the County, without prior notice to or demand upon Tenant and without waiving or releasing any obligation or default, may (but will be under no obligation to) make the payment or perform the act. All amounts paid by the County and all costs, fees, and expenses incurred by the County shall be promptly payable by Tenant as Additional Rent.

Section 5.13. Liens. Tenant shall have no right, authority, or power to bind the County, or any interest of the County in the Real Estate, nor to render the Real Estate liable for any lien or right of lien for the payment of any claim for labor, material, or for any charge or expense incurred to construct, maintain, repair, or to make alterations, additions, and improvements to the Real Estate, except as specifically set forth in Article VIII.

Section 5.14. Subletting and Assigning. Tenant may assign this Lease at any time during the Term, with prior written notice be provided to the County, to an affiliate or other entity owned or controlled by ESM or owned and controlled by John M. Wack, Jr., provided that said entity can meet all terms of this Lease, including but not limited to, the provision of liability insurance. Any other assignment will require the prior written consent of County, which consent shall not be unreasonably withheld, conditioned, or delayed. Tenant shall not encumber its interest in this Lease, dissolve or alter the corporate structure of Tenant except as permitted herein, or sublease all or any part of the Leased Premises, without first obtaining the written consent of the County, which consent shall not be unreasonably withheld, conditioned, or delayed. Any assignment, transfer, encumbrance, or sublease without the County's prior written consent shall be void and, in County's sole discretion and election, shall constitute a default. In the event of any assignment, transfer, or subletting with the County's prior written consent, Tenant shall remain liable to the County for full performance and payment of all of the obligations of Tenant under this Lease. Tenant shall give the County an executed assumption agreement whereby the transferee or assignee shall (i) assume Tenant's duties under this Lease from and after such assumption or transfer, and (ii) pay and perform all obligations, covenants, and conditions of Tenant under this Lease. Tenant shall promptly forward a complete and signed copy of such permitted assignment, transfer, or sublease to the County. No such assignment, transfer, or subletting shall constitute a novation or a release of any claim the County may then or thereafter have against the Tenant.

Section 5.15. Estoppel Certificates. Upon request by the County, Tenant shall deliver in recordable form to the County or to any prospective mortgagee of the Leased Premises, a written statement(s) setting forth the commencement and termination dates of this Lease and certifying that (i) this Lease is or is not in full force and effect; (ii) Tenant has or has not accepted the Leased Premises; (iii) Tenant is or is not in full and complete possession of the Leased Premises; (iv) the Lease has not been changed, modified, or amended, or if it has, stating the specific changes, modifications, or amendments; (v) all improvements to the Leased Premises to be made by the County are fully complete, or stating specifically any failure to complete such improvements; (vi) as of the date of the certification, Tenant has not paid rent, or stating the amount of rent paid; and (vii) there are no defaults under this Lease nor defenses or offsets, or if there are any such defaults, defenses, or offsets, stating the specific defaults, defenses, or offsets claimed by Tenant.

Section 5.16. Subordination. Upon the County's request, Tenant shall subordinate its rights under this Lease to the lien of any mortgage or deed of trust or any other lien resulting from any other method of financing or refinancing against the land and the Building of which the Leased Premises are a part or against any buildings placed upon the land on which the Leased Premises are situated and to all advances made or to be made thereunder; provided, however, that Tenant shall not be required to so subordinate its rights unless the beneficiary agrees in writing not to disturb the tenancy of Tenant so long as Tenant is not in default under this Lease. Tenant shall execute all documents necessary to effect such subordination.

Section 5.17. Coordination of Schedules. The Tenant and County shall coordinate the scheduling of major activities to avoid multiple events from being scheduled during the same time, which would tax parking and other infrastructure at the Leased Premises, Common Areas, and Outdoor Fields.

ARTICLE VI

DAMAGE, DESTRUCTION, OR CONDEMNATION

Section 6.1. County Not Obligated. Except as otherwise provided herein, under no circumstances shall the County be obligated to make any payment, disbursement, or contribution towards or on account of the cost of repair or restoration of the Leased Premises in the event of any damage, destruction, or loss of any part of the Leased Premises during the Lease Term.

Section 6.2. No Abatement of Rent. Damage, destruction, condemnation, or loss of title to the Leased Premises shall in no way (i) annul or void this Lease, (ii) give rise to an abatement of Rental Payments or any other amounts payable under this Lease, or (iii) release Tenant from its obligations under this Lease.

Section 6.3. Partial Damage or Destruction. If no more than twenty-five percent (25%) of the Leased Premises or Common Areas are partially destroyed from any cause, excluding Tenant's negligence or willful misconduct, and such damage or destruction renders the Lease Premises partially inaccessible or unusable, the County shall promptly restore the Leased Premises and/or Common Areas to substantially the same condition as they were in immediately before the destruction within one hundred eighty (180) days after the date of such partial destruction and Tenant shall deliver to the County as much of any insurance proceeds as may be necessary to perform such repair as may reasonably be requested by the County. In the event that the County fails to restore the Leased Premises and/or Common Areas, as the case may be, within the one hundred eighty (180) day timeframe provided herein, Tenant shall have right to terminate this Lease upon ten (10) days' written notice to the County.

Section 6.4. Complete Damage or Destruction. If twenty-five percent (25%) or more of the Leased Premises or Common Areas are destroyed from any cause, excluding Tenant's negligence or willful misconduct, such damage shall be deemed a complete destruction for purposes of this Lease. In such event, the County shall, within sixty (60) days after the date of the casualty, commence its reconstruction and Tenant shall deliver to the County as much of any insurance proceeds as may be necessary to perform such repair as may reasonably be requested by the County. The County and Tenant shall each have the right to terminate this Lease upon thirty (30) days written notice to the other party if County's commercially reasonable determination of the period for reconstruction will exceed two-hundred and seventy (270) days from the date of the casualty.

Section 6.5. Damage Near End of Term. Notwithstanding any other provision of this Article VI to the contrary, if any portion of the Leased Premises or Common Areas are destroyed or damaged by a casualty during the last twenty-four (24) months of the Term, and such damage or destruction renders twenty-five percent (25%) or more of the Leased Premises and/or Common Areas partially inaccessible or unusable for Tenant's use, the County and Tenant shall each have the option to terminate this Lease by giving ten (10) days written notice to the other party within thirty (30) days of the date of the casualty.

Section 6.6. Effective Date of Termination; Rent Apportionment. If the County or Tenant elects to terminate this Lease under this Article VI in connection with a casualty, Tenant shall pay Rental Payments properly apportioned up to the date of the casualty. After the effective date of the termination, the County and Tenant shall be discharged of all future obligations under this Lease, except for those provisions that, by their terms, survive the expiration or earlier termination of the Lease.

ARTICLE VII

SPECIAL COVENANTS

Section 7.1. Tenant's Right to Possession. Except as otherwise provided in this Lease, Tenant will be in sole possession of the Leased Premises during the Lease Term, subject to Permitted Encumbrances. Tenant shall permit the County, or its employees or agents to enter the Leased Premises to (a) inspect the Leased Premises, (b) make such alterations, maintenance, or repairs therein as may be required under this Lease or pursuant to any law, (c) show the Leased Premises to prospective purchasers or mortgagees, (d) serve or post all notices required by law or permitted by this Lease, or (e) conduct any other reasonable County related business. The County shall exercise its rights under this Section at such times and in such a manner as to minimize the impact of any interference with Tenant's business in and occupancy of the Leased Premises. If the County makes an emergency entry into the Leased Premises when no authorized representative of Tenant is present, the County shall provide notice to Tenant as soon as reasonably possible after that entry and shall take reasonable steps to secure the Leased Premises until a representative of Tenant arrives at the Leased Premises.

Section 7.2. Quiet Enjoyment. Tenant will have quiet and peaceful possession of the Leased Premises. The Leased Premises will remain free from encumbrances, other than Permitted Encumbrances, done, made, or knowingly suffered by the County.

Section 7.3. Fee Concessions for County Residents and County Sponsored Parks & Recreational Programs. All individual fees or membership fees charged by Tenant shall provide for a County rate for residents of the County and a non-County rate for all others. In addition, Tenant shall provide pricing concessions to the County for County sponsored youth athletic organizations and County Parks and Recreational programs.

Section 7.4. Environmental Matters. (a) Tenant shall, at the Tenant's sole cost and expense, comply with all applicable federal, state, and local environmental laws, statutes, rules, regulations, decisions, codes, orders, directives, requirements, and ordinances ("**Environmental Laws**") (including, without limitation, regulations regarding financial responsibility for, removal of, technical compliance of, and releases from, underground storage tanks) in effect during the Lease Term, except for any conditions attributed to persons other than Tenant or Tenant's agents, employees, licensees, contractors, affiliates, successors, or assigns. Without limiting the foregoing, if the presence of any Hazardous Material on the Real Estate caused or permitted by Tenant results in any contamination of the Real Estate, Tenant shall promptly take all actions, at its sole expense, as are necessary to remediate the Real Estate in accordance with Environmental Laws and, upon expiration or termination of this Lease, as necessary for redevelopment of the Real Estate; provided that the County's approval of such actions shall first be obtained in writing, which approval shall not be unreasonably withheld or delayed so long as such actions would not potentially have any adverse, long-term or short-term effect on the Real Estate. Tenant does not assume responsibility under this Section 7.4, however, for any release of Hazardous Material at, in, on or migrating from the Real Estate that is the result of activities and operations of any person other than Tenant or Tenant's agents, employees, contractors, licensees, affiliates, successors, or assigns.

(b) Tenant shall immediately notify the County of any of the following: (i) any correspondence or communication from any federal, state, or County governmental authority regarding the application of Environmental Laws to the Real Estate or Tenant's operation of the Leased Premises; (ii) any correspondence, communication, or notification as are required by either the Federal or State Emergency Planning and Community Right to Know Acts; (iii) any change in Tenant's operations on the Real Estate that will change or has the potential to change Tenant's obligations or liabilities under the Environmental Laws; and/or (iv) releases, discharges, or spills in any form, of any and all Hazardous Material in violation of the Environmental Laws.

(c) "**Hazardous Material**" means any substance, material, or waste which is toxic, ignitable, reactive, or corrosive, and which is or becomes regulated by any County or state governmental authority or the United States Government. "Hazardous Material" includes, without limitation, any material or substance which is (i) defined as a "hazardous waste," "extremely hazardous waste," "restricted hazardous waste," "hazardous substance," or "hazardous material," by any Environmental Law; (ii) oil and petroleum products and their by-products, (iii) asbestos, or asbestos-containing materials; (iv) designated as a "hazardous substance" pursuant to the Federal Water Pollution Control Act; (v) defined as a "hazardous waste" pursuant to the Federal Resource Conservation and Recovery Act; or (vi) defined as a "hazardous substance" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act.

ARTICLE VIII

LEASEHOLD MORTGAGE

Section 8.1. Leasehold Mortgage by Tenant. Tenant may with the County's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed, and at Tenant's sole expense, obtain a loan(s) to finance the equipment for the exercise aerobics and spinning rooms, the costs to build out the classroom space, install playground amenities, or make other permitted improvements to the Leased Premises as or for operational expenses (the "Loan"). Tenant, at its sole expense and with the County's prior written, may secure any such Loan with a deed of trust on all or any part of Tenant's leasehold estate in the Leased Premises (the "Mortgage"). Any such Mortgage shall include a provision that grants the County the right, but not the obligation, to cure any default by Tenant under such Mortgage

within a reasonable period of time, which shall not be less than 30 calendar days. Tenant shall provide to the County at least 60 calendar days written notice of its intent to grant any Mortgage before the date that Tenant intends to enter into any such Mortgage. Tenant shall provide a copy of any such Mortgage and all related documentation to the County.

Section 8.2. County's Right of First Refusal. Any Mortgage entered into by Tenant shall provide that before the mortgagee enters into a binding agreement to sell, assign, or otherwise convey its interest in the Leased Premises, the mortgagee shall give the County written notice of its intent to offer its interest in the Leased Premises and the price and terms of such offer. Within 90 days after the County receives such notice, the County may offer to acquire the mortgagee's interest in the Leased Premises on the terms set forth in such notice or on such other terms and at such price as may be mutually agreed upon by the County and the mortgagee.

ARTICLE IX

EVENTS OF DEFAULT; REMEDIES

Section 9.1. Default by Tenant. (a) The occurrence of any of the following events shall constitute an "Event of Default" under this Lease:

- (i) Failure by Tenant to pay any moneys due hereunder as and when the same become due and such failure; and
- (ii) Failure by Tenant to perform or comply with any provision of this Lease, the Business Plan, or any duly executed amendments thereto, and such failure is not cured within thirty (30) days after written notice from the County of such default. If, however, the failure cannot reasonably be cured within the thirty (30) day cure period, Tenant shall not be in default under this Lease if (1) Tenant commences to cure the failure within the cure period, (2) diligently and in good faith continues to cure the failure to completion, and (3) provides written notice to the County of Tenant's actions to cure the failure, including Tenant's anticipated timeline for completion.

Section 9.2. Remedies. The County shall have any one or more of the following remedies after the occurrence of an Event of Default. These remedies are not exclusive. These remedies are in addition to any remedies allowed now or in the future by law, in equity, or otherwise :

- (i) The County may terminate this Lease by giving ten calendar days written notice of termination to Tenant, in which event Tenant shall promptly surrender the Leased Premises to the County. If Tenant fails to promptly surrender the Leased Premises, then the County, without prejudice to any other remedy it has for possession of the Leased Premises or other damages, may re-enter and take possession of the Leased Premises and expel or remove the Tenant and any other person or entity occupying the Leased Premises or any part, without being liable for any damages, whether caused by negligence of the County or otherwise. No act by the County other than giving notice of termination to the Tenant shall terminate this Lease.
- (ii) The County may re-enter and take possession of the Leased Premises without terminating this Lease and without being liable for any damages. The County may relet the Leased Premises (for a period shorter or longer than the remaining term of this Lease), or any part, to third parties, but has no obligation to do so. The County's

action under this subparagraph (ii) is not considered an acceptance of Tenant's surrender of the Leased Premises unless the County notifies Tenant in writing.

(iii) Whether or not the County terminates this Lease or Tenant's right to possession of the Leased Premises on account of any Event of Default, the County shall have all rights and remedies at law or in equity, including, but not limited to, the right to re-enter the Leased Premises and, to the maximum extent provided by law, the County shall have the right to terminate any and all subleases, licenses, concessions, or other arrangements for possession entered into by Tenant and affecting the Leased Premises. In the County's sole discretion, it may succeed to Tenant's interest in such subleases, licenses, concessions, or arrangements and, Tenant assigns and transfers to the County all of Tenant's right, title and interest in and to any such subleases, licenses, concessions and other consensual arrangements.

Section 9.3. Election of Remedies. Pursuit of any of these remedies does not constitute an irrevocable election of remedies or preclude pursuit of any other remedy in this Lease or by applicable law. Likewise, forbearance by the County to enforce one or more of the remedies available to it on an Event of Default does not constitute a waiver of that default or of the right to exercise that remedy later or of any rent, damages, or other amounts due to the County.

ARTICLE X

MISCELLANEOUS

Section 10.1. Successors and Assigns. This Lease is binding upon, inures to the benefit of, and is enforceable by the parties and their respective successor and assigns.

Section 10.2. Severability and Construction. If any provision of this Lease is held invalid by any court of competent jurisdiction, the holding will not invalidate any other provision. The County and Tenant acknowledge that the parties and their counsel have reviewed and revised this Lease and that the normal rule of construction to the effect that any ambiguities are to be resolved against the drafting party shall not be employed in the interpretation of this Lease or any exhibits or amendments hereto.

Section 10.3. Time of Essence. Time is of the essence as to all dates and times in this Lease.

Section 10.4. Governing Law. This Lease will be governed by the Constitution and laws of the Commonwealth.

Section 10.5. Counterparts. This Lease may be simultaneously executed in several counterparts, each of which will be an original, and all of which taken together will constitute one and the same instrument.

Section 10.6. Notices. Unless otherwise provided in this Lease, all demands, notices, approvals, consents, requests, opinions, and other communications under this Lease must be in writing and will be deemed to have been given when (i) delivered in person, (ii) delivered by Federal Express or a comparable express courier service, or (iii) mailed by registered or certified mail, postage prepaid, addressed, as follows:

If to Tenant: 3411 Shannon Park Drive
Fredericksburg, Virginia 22408
Attention: John M. Wack, Jr.

with a copy to: John F. McManus, Esquire
Hirschler Fleischer
725 Jackson Street, Suite 200
Fredericksburg, Virginia 22401

If to the County: County Administrator
Stafford County
P.O. Box 339
1300 Courthouse Road
Stafford, Virginia 22554

The County and Tenant may, by written notice given under this Lease, designate any additional or different addresses or persons to which subsequent demands, notices, approvals, consents, requests, or other communications are to be sent.

Section 10.7. Entire Agreement. This Lease, including the attached exhibits, set forth all the covenants, promises, agreements, conditions, and understandings between the County and Tenant concerning the Leased Premises. There are no covenants, promises, agreements, conditions, or understandings, either written or oral, between the County and Tenant other than as set forth in this Lease.

Section 10.8. Force Majeure. If either party shall be delayed or hindered in or prevented from the performance of any required act by reason of strikes, lock-outs, labor troubles, inability to procure materials, failure of power, riots, insurrection, war, or other reason of a like nature not the fault of the party delayed in performing work or doing acts required under this Lease, then the performance of such act shall be excused for the period of the delay and the period for the performance of any such act shall be extended for a period equivalent to the period of such delay; provided, however, that in no event shall Tenant be excused from the payment of the Rental Payments or any other amounts or charges to be paid by Tenant under this Lease.

Section 10.9. Captions. The captions and section numbers appearing in this Lease are inserted only as a matter of convenience and in no way define, limit, construe, or describe the scope or intent of such paragraphs of this Lease.

Section 10.10. Amendments. This Lease may be amended only by an instrument in writing signed by both parties to this Lease.

Section 10.11. Venue. The courts of the County shall be the exclusive venue for any legal action arising out of or related to this Lease.

Section 10.12. Memorandum of Lease. County agrees, upon Tenant's request, to execute a Memorandum of Lease in the form of Exhibit E attached hereto. Tenant may record among the land records of Stafford County, Virginia ("Land Records") the Memorandum of Lease at its own expense following the Effective Date hereof. The provisions of this Lease shall control, however, in regard to any omissions from the Memorandum of Lease or any provisions hereof which may be in conflict with the Memorandum of Lease. If Tenant elects to record a Memorandum of Lease, Tenant agrees to execute a release upon termination of this Lease, which shall be in a recordable form, acceptable to the County, and be recorded among the Land Records at Tenant's own expense.

THE PAGE IS INTENTIONALLY LEFT BLANK.

IN WITNESS WHEREOF, the parties have caused this Lease to be executed on their behalf by their duly authorized officers.

**BOARD OF SUPERVISORS OF STAFFORD
COUNTY, VIRGINIA**

By: _____
Anthony J. Romanello
County Administrator

Approved as to form per Virginia Code § 15.2-1803:

Stafford County Attorney's Office

Printed Name:

Title:

ESM EMBREY MILL, LLC,
a Virginia limited liability company

By: **EASTERN SPORTS MANAGEMENT, LLC,**
a Virginia limited liability company, Manager

[SEAL]

By: _____
John M. Wack, Jr., Manager

ATTEST:

Secretary

EXHIBIT A

Real Estate and Common Areas – Tenant CAM Area and County CAM Area

EXHIBIT B

Equipment, Personal Property, Fixtures and Supplies

Reference is hereby made to incorporate the equipment, personal property, fixtures and supplies as set forth in the following approved and accepted Requests for Proposal, including all shop drawings and as modified by any approved and accepted change orders:

RFP #429173 – Construction of Indoor Recreation Facility at Embrey Mill

RFP #1017132 – Indoor Pools for the Indoor Recreation Center at the Park at Embrey Mill.

EXHIBIT C

Plans and Specifications

EXHIBIT D

Board of Supervisors Resolution

IN WITNESS WHEREOF, the parties hereto have caused this Memorandum of Lease to be duly executed and delivered in their respective names by their duly authorized representatives, effective as of the day and year first above written.

COUNTY: **BOARD OF SUPERVISORS OF STAFFORD COUNTY, VIRGINIA**, the governing body of Stafford County, a political subdivision of the Commonwealth of Virginia

By: _____
Anthony J. Romanello, County Administrator

COMMONWEALTH OF VIRGINIA

CITY/COUNTY OF _____, to-wit:

The foregoing instrument was acknowledge before me in the foregoing jurisdiction this ___ day of _____, 2015, by Anthony J. Romanello, County Administrator, Board of Supervisors of Stafford County, Virginia, the governing body of Stafford County, a political subdivision of the Commonwealth of Virginia.

My commission expires: _____

Notary Registration No. _____

Notary Public

Approved as to form per Virginia Code § 15.2-1803:

Stafford County Attorney's Office

Printed Name:

Title:

ESM EMBREY MILL, LLC,
a Virginia limited liability company

By: **EASTERN SPORTS MANAGEMENT, LLC,**
a Virginia limited liability company, Manager

[SEAL]

By: _____
John M. Wack, Jr., Manager

COMMONWEALTH OF VIRGINIA

CITY/COUNTY OF _____, to-wit:

The foregoing instrument was acknowledged before me in the foregoing jurisdiction this ____ day of _____, 2015, by John M. Wack, Jr., Manager of Eastern Sports Management, LLC, as Manager of ESM Embrey Mill, LLC, on behalf of the company.

My commission expires: _____

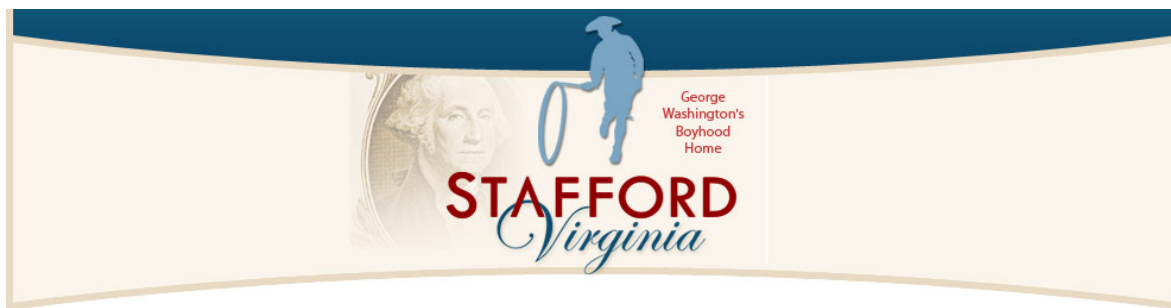
Notary Registration No. _____

Notary Public

EXHIBIT F

Business Plan

6348208-2 034231.00003



Embrey Mill Business Plan

John Wack
Eastern Sports Management
Virginia Beach Field House
Fredericksburg Field House
United Sports Training Center
3411 Shannon Park Drive
Fredericksburg, VA 22408

johnwack@me.com
m (540) 842-8582

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Swim and Sport Center Business Plan

1 Introduction

Stafford County is building a state of the art recreation, aquatics, and outdoor field sports complex capable of hosting regional tournaments and events while simultaneously serving the daily needs of county residents that it will name “The Jeff Rouse Swim and Sport Center”. Eastern Sports Management (ESM) presents the attached Business Plan on behalf of ESM Embrey Mill, LLC as a summary of information submitted to Stafford County as part of the RFP process. ESM Embrey Mill, LLC will be the “Tenant” entering the Lease Agreement with the County as Landlord. This Plan is included by reference in the Lease Agreement between Tenant and Stafford County as the current plan for marketing the complex and managing operations there.

ESM has prepared this business plan based upon its current understanding of the industry, the market and its future plans. This Business Plan is an evolving draft of Tenant’s business plan. No independent public accountants have audited or compiled the various financial projections set forth in this Business Plan, and, accordingly, none express an opinion or any other form of assurance with respect to such projections. The projected financial information is ESM’s projection of possible future results and is dependent on many factors over which ESM and Tenant have no control. Neither ESM, Tenant, nor any of their representatives makes any express or implied representation or warranty as to the attainability of these projections or the accuracy, completeness or reasonableness of the assumptions from which they are derived. The projections were not prepared with a view to public disclosure or to compliance with published guidelines of the Securities and Exchange Commission or any state securities commission, the guidelines established by the American Institute of Certified Public Accountants, or generally accepted accounting principles.

ESM and Tenant make no express or implied representation or warranty as to the accuracy or completeness of the information contained in this business plan. Statements in this business plan are made as of the date hereof and are subject to revision in the sole discretion of the Company’s management and board of directors, some of which revisions may be material. In all cases, and notwithstanding the use of words such as “will” or “shall,” any discussion or characterization of future actions or events is intended to be an indication only of ESM’s and Tenant’s current intentions. The delivery of this business plan shall not create, under any circumstance, any implication that there has been no change in the affairs of ESM or Tenant and other information contained herein since the date hereof. The projections of the Tenant’s future performance are necessarily subject to a high degree of uncertainty and may vary materially from actual results.

2 Mission Statement

The mission of the Jeff Rouse Swim and Sport Center is to improve the health and well being of Stafford area residents by providing a state-of-the-art sports, fitness, and aquatics facility in which to exercise and play year-round in a safe, clean, fun environment.

3 Corporate Structure and Funding

ESM will establish a new LLC named “ESM Embrey Mill, LLC”. This LLC will sign the Lease with the County. ESM Embrey Mill, LLC will do business as the “Swim and Sport Center”. All workers at the Swim and Sport Center will be employees of this LLC. John Wack will be the President. To fund the start-up budget listed in Section 11 of this plan, ESM Embrey Mill, LLC will either borrow money or raise funds through granting of ownership in the LLC. For

purposes of projecting the pro forma, it is assumed that the money is borrowed. John Wack will always have a controlling interest in ESM Embrey Mill, LLC either through ESM or directly.

4 Products

The products to be offered at the Swim and Sport Center are shown on the table on the next page. At ESM, we build our operations teams, our P&L, and our marketing strategies around products as opposed to sports, assets, or people. There are nine product areas, most of which overlap the indoor and out door areas of the complex. You will see these groupings in the way we organize responsibilities for management and staff, how we account for revenue, and how we talk about the complex to customers.

4.1 Product Pricing

4.1.1 Pricing Structure

The sports and recreation industry has a variety of pricing models, some of which are a reflection of the nature of the customers' use. For instance, some products are of a defined and limited schedule for both frequency and time. A league is usually eight games with one game per week for eight weeks. Personal training is priced for each occurrence. People are used to paying set prices for these products that they enjoy over the defined duration, then they decide whether to purchase another. They buy what they want when they want it, a la carte. Other products are more suited to ongoing charges for ongoing use. Someone may have the time and energy to work out five times in a week but the next week they can only manage once. They want a pass to come whenever they like without restriction. Customers also don't like to pay for something they don't want and don't need.

In general we will have the following different price structures:

- A. Individual Memberships
- B. Family Memberships
- C. Individual League Participation
- D. Team League Participation
- E. Team Tournament Participation
- F. Lane Rentals
- G. Field, Court, Room, or Pool Hourly Rentals
- H. Day Rentals
- I. Individual Class Fees
- J. Monthly Class Fees
- K. Seasonal Class Fees
- L. Drop-ins or Single Use Fees

4.1.2 County/Non-County Pricing

For all products we will have levels for County Residents and for non-County residents. County residents will be required to show proof of residency through a valid VA driver's license or with another ID plus a county residence utility bill. County schools and County sponsored youth sports groups will also have a different price schedule. Price schedules will be published online. County Parks and Recreation will have its own price schedule for use of Swim and Sport Center assets for its own programming. These price schedules will all be subject to change over time. The County currently offers a number of aquatics related programs in existing County facilities. The County wishes to also run these programs in the Swim and Sport Center. These programs include Swim Lessons, Water Aerobics, Triathlon Swim Training, and Aquatic Therapy and Rehabilitation. The Swim and Sport Center Staff will coordinate with County

PRCF staff at least quarterly to set aside time for these programs in the facility schedule. The County and the Swim and Sport Center will agree on gross revenue splits for each of these programs. For County programs conducted at the Swim and Sport Center, the County will conduct registration and collect fees. Where appropriate, the Swim and Sport Center will advertise and provide registration links to the County website from the Swim and Sport Center website. Two weeks after the start of County programs, County and Swim and Sport Center staff will meet to reconcile registration and income totals. Gross income for these programs will be split 35% to Swim and Sport Center and 65% to the County. Payment from the County to the Swim and Sport Center will be due 30 days after the start of the program. This percentage split may be altered by agreement between the County and the Swim and Sport Center for programs whose price points are necessarily low for reason of the customers and County residents they are intended to serve. The County also recognizes that the Swim and Sport Center may offer programs similar to those offered by the County in order to provide customers with as many choices as possible.

4.2 Membership

Membership revenue is the largest single source of income for the Swim and Sport Center. To drive member sales, all products will have member/non-member pricing. The split between the two will incentivize regular users to become members. In general memberships will be divided as follows:

- A. Aquatics
- B. Fitness
- C. Leagues

Aquatics and fitness will be recurring payment memberships while league members will pay one-time fees. Recurring memberships will be set up as automatic ACH drafts. We will also offer packages that comprise combinations of benefits and access.

4.3 Leagues

Leagues will be run year round. Any and every sports that plays on a rectangular grass field or a hard court surface will be offered at some point. Leagues can have very high gross margins with as little as 20% needed for Cost of Goods Sold (COGS). More often than not, they can be run completely in-house. Most areas however already have leagues for both youth and adults across most sports. Successful sales strategy for leagues involves identifying:

- Sports that have no viable local league for their participants.
- Existing Leagues that have poor or inadequate facilities.
- Youth sports that do not have good off-season league opportunities.
- Existing adult leagues whose volunteer leadership would be interested in handing over league management to a profession third party.
- Existing leagues whose management is poor enough that a better-run league would draw teams away.

ESM is the most successful private league operator in the Fredericksburg area. Several of these products could be run in conjunction with existing offerings at FFH, both indoor and outdoor.

In some instances, existing leagues will simply rent the courts to run leagues. The preference will always be to run leagues in-house, but if space must be filled and if the existing league is strong and well run then we can sign a long-term rental agreement. These leagues are distinct from clubs and youth organizations renting the field to run games for leagues in which they participate. In the first instance, all league games are held at the complex. In the second, the club or organization rents the field for their home games and they travel elsewhere for their away games.

4.4 Fitness

Most fitness revenue will come through memberships, but there will be an offering of classes that are sold on a pay-as-you-go basis. The most popular of these are the hot Yoga classes, personal training, and spinning classes. In the sales projections, where a class is included as part of membership, we indicate a zero as its price point and otherwise if it must be purchased a la carte.

Individual fitness products will be the marketing responsibility of the Fitness Director and staff who through their selling of memberships will up sell additional products both at the outset and as they interact with fitness customers in their daily use of the facility.

4.5 Youth Services

Youth Services broadly encompasses everything that we will do for children that is not a league or aquatics class. Included are, summer camps, day camps, sports camps, before and after care, and all the youth development courses that we have offered at all of our facilities.

The facility will be placed on the bus routes of the local public and private schools. With a high concentration of early morning commuters to DC, the facility will have a thriving before- and after-care business. The facility will pursue day care licensing and should achieve it prior to doors open. During the summer we will have a strong day camp program.

Sports camps and clinics will be run during summer both indoor and outdoor. These camps will also be run during school breaks, holidays and in-service teacher workdays. The Swim and Sport Center staff will run most of these camps, but we will also have national camp organizations like Challenger Soccer, Tetra Brazil Soccer, NXT lacrosse, and others to run vendor camps throughout the summer.

All three ESM facilities are “Lil’ Kickers” franchisees. Lil’ Kickers is more than just a great soccer program for kids. Its balanced and creative approach to coaching has a positive impact on children that goes far beyond the soccer field. The high-energy soccer classes are carefully designed to enhance a child’s overall growth and well-being. The result is children with strong physical skills, who are well balanced and confident. The Swim and Sport Center will have its own Lil’ Kickers territory and franchise and should do numbers similar to Fredericksburg.

ESM has a similar product for basketball players called “Lil’ Ballers”. Children aged 4-7 follow a curriculum designed to improve motor skills, social skills, and listening skills, all while learning basketball. With four recreation level baskets in the gym, this will be a success.

Marketing the Youth Services falls to the Director. A full-year brochure will be created and camp conventions and expos will be attended. The Lil’ Kicker franchisor supports their franchisees with direct mail programs. The Swim and Sport Center will engage in its own direct mail campaign. With the new housing development going in all our marketing materials and program information will be in the new resident welcome packets.

4.6 Rentals

While every space in the facility is available for rent, most rental income will come from the two larger pools. The Wellness Pool, Gym, Aerobics Room, and Classrooms will be largely filled with the Swim and Sport Center programming. Available space will be rented, but the staff will be committed to filling it with higher margin in-house programming.

We will offer aggressive unit pricing that should fit within existing club budgets, with a pricing preference toward County based clubs and sports. We think this is the fairest way to allocate resources and is consistent with the philosophy of users paying for exactly what they use.

With both the pools, there are predictable times when the youth clubs need the space for practice, games and meets. We set these out on the respective schedules, calculate the total number of hours available for such rentals, and assume a three year ramp up to sell 90% of maximum capacity. Given the demand for pool space, in all probability we will be able to lease 100% in the first year, with contracts signed prior to doors open. For purpose of making the projections conservative, we have assumed the ramp up.

4.7 Tournaments and Meets

The County wants the Swim and Sport Center to be a first class aquatics event center. They also intend the field complex to be a draw for local and regional tournaments. The Swim and Sport Center will pursue the following event structures:

- Straight rentals by outside organizations
- Shared risk partnerships where revenues and responsibilities are divided.
- In-house events that are created, marketed, and run by the staff.

The preference is always for the last, because there the margins are highest for the facility. In any event, whether the meet or tournament is the result of a bid process or a negotiation, the host facility hopes to maximize revenue and produce a high quality product. The Swim and Sport Center will try push all relationships to a shared risk model used frequently at the other three ESM facilities where the facility participates in the gross income and is not receiving a fixed fee. We see our job primarily to fill the pools with meets and tournaments, but of equal importance is making sure the returns are as high as possible. Building in-house products accomplishes this.

4.7.1 Pools

We believe that this facility could run close to 20-25 local and regional swim meets a year. We will likely run 3-4 sessions per day. The multiple pool layout allows for continual use, as swimmers can warm up without taking up lanes of the meet. There are also many other revenue streams that attach to these meets: time trials, entry fees, concessions, etc. We understand that number of swimmers, teams and heats vary so we are using averages and general knowledge of the swimming schedule to map out our pro forma.

4.8 Concessions

- The Swim and Sport Center Food and Beverage staff will offer fair to customers at all practical hours of business, both indoors and out.

In our pro-forma, we calculate concessions revenue by assuming an amount that is a percentage of other income. Other income is a good reference point for traffic through the facility, which drives concessions. The figure we assume is well below the percentages that we currently see at other ESM facilities. The amount is comparable to what FFH achieved prior to the installation of its full kitchen when it served only pizza, hot dog, nacho, and soft pretzel type fare.

4.9 Sponsorship

Sponsorship revenue at the complex could be substantial given the number of assets that could potentially be “named”. For purposes of the pro-forma we assume simply signage revenue similar to what we see at Fredericksburg, most of

which comes in the door without any marketing on our part. At all times, the name “Jeff Rouse” will be used to identify the “Building” as defined in Section 1.1 of the Lease Agreement, in all marketing materials, communications, emails and websites connected with the Swim and Sport Center.

4.10 Events

Beyond sports, ESM has also managed and hosted many events at each facility whenever there is a gap in the annual sports schedule. These events demonstrate ESM’s philosophy of maximizing use of assets under management in order to realize a return on investment. A sports and recreation facility is not an obvious choice for a dog show or a children’s consignment sale, but when we have a gap in the schedule, we fill it.

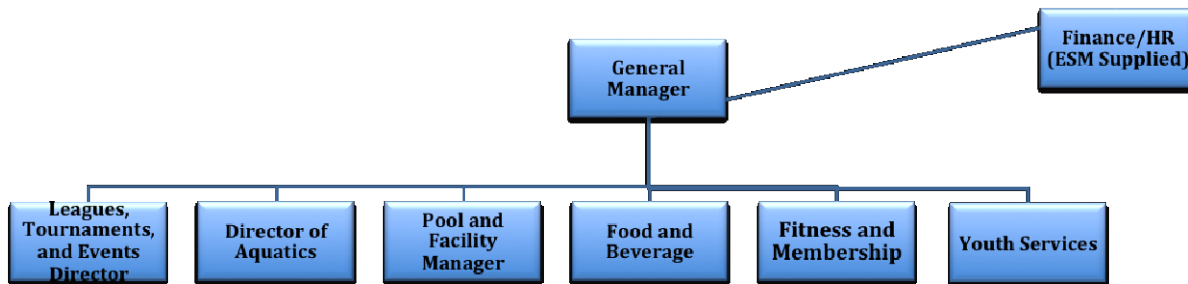
- Dog Shows
- Field Days.
- Consignment Sales.
- D.A.R.E. Day.
- Disaster Training and Hurricane Shelter.
- Movie Nights.
- Circus.

5 Hours of Operation

The Swim and Sport Center will operate on a normal schedule of 5:00 am to 12:00 am seven days per week. This schedule is subject to change during special events. The facility will be open every day, with the exception of Easter, Fourth of July, Memorial Day, Labor Day, Thanksgiving, Christmas, and New Years Day, and in the event of severe weather or similar extraordinary circumstances. The Swim and Center may open on some of these holidays for events or for other business reasons.

6 Staffing

ESM organizes staff around function and products, not sports or areas of the building. The organization chart below divides the responsibility of the P&L along income categories with the exception of two positions, the facilities manager and all back office human resources and accounting. ESM management will provide the back office services as part of its management contract with the Swim and Sport Center.



6.1 General Manager

The General Manager oversees building operations and all staff of the Swim and Sport Center. This staff is responsible for budgeting, establishing financial goals and networking within the community to help raise awareness of the Swim and Sport Center. An outline of the General Manager's responsibilities is below:

- A. The General Manager is accountable for the success or failure of the facility measured by growth and profitability. The work of the manager can be broken into seven broad areas.
 - a. Advance program planning.
 - b. Advance program marketing.
 - c. Program delivery.
 - d. Direction of all employees.
 - e. Physical operation and upkeep of the facility.
 - f. Timely collection of income and control of expenses
 - g. Communication with Ownership
- B. Specific Responsibilities
 - a. Advance Program Planning
 - i. Programs for every session should be decided upon at the finish of the same session of the previous year and should be based on the success or failure of the just completed programs, necessary improvements and changes, and customer and staff feedback.
 - ii. The goal for every session is to fill the maximum amount of athletic asset time with programming. Until all time is filled, new programs need devising and implementation.
 - iii. The final slate of programs should be in place nine months in advance of the session.
 - b. Advance Program Marketing
 - i. Review with marketing director the success or failure of the marketing efforts for the just completed session.
 - ii. Review slate of programming for the session for the next year.
 - iii. Develop marketing strategy for programming.
 - iv. Direct and supervise marketing director on execution of marketing plan.
 - c. Program Delivery
 - i. Direct and supervise front counter and other staff so that programs are run timely and efficiently.
 - ii. Assign responsibility for specific programs to individuals and monitor their management.
 - iii. Make sure all leagues are balanced, schedules fair, and the information is communicated timely and correctly.

- iv. Follow up with customers to learn how the product can be improved.
- d. Employee Management
 - i. All employees report to the manager.
 - ii. The manager will make all other employees aware through written instructions of ongoing and seasonal tasks. No employee will go wanting for work for lack of instruction.
 - iii. Manager will direct the employee scheduler for the appropriate skill and quantity of other employees to each week.
- e. Facility Management
 - i. All building systems are set correctly for efficient and economic operation.
 - ii. Direction of maintenance staff to keep facility clean and in good repair.
 - iii. Direction of counter staff to keep courts, pools, and rooms properly set-up and lined.
- f. Income and expenses
 - i. Supervise office/finance manager to see all fees collected timely. Make changes to procedures as appropriate.
 - ii. Set pricing for all programming.
 - iii. Work with finance manager to track and control ongoing expenses, in particular cost of goods sold (leagues), utilities, facility and administrative expenses. Work with personnel scheduler and finance manager to control wages.
- g. Meeting and Reporting
 - i. Meet weekly with other staff to update and review from September to April, and biweekly at other times.
 - ii. Meet and report biweekly with the Swim and Sport Center operations chief.
- C. Term.
 - a. Employment is at will.
 - b. Annual reviews will be conducted in January.
- D. Compensation
 - a. TBD
 - b. Annual Bonus based on achieving and on exceeding target income and expenses.
- E. Benefits
 - a. Manager will participate in the Swim and Sport Center health insurance program.

6.2 Director of Aquatics

The Director of Aquatics will be responsible for the overall direction, coordination and supervision of the Swim and Sport Center Aquatic Department, directly manage the aquatic staff (interview, hire, train, evaluate), manage aquatic programs with the continual goal of better usage of the pool and meeting the needs of the community. The Director of Aquatics will have the ability to teach or substitute coach swim teams, youth swim lessons or lifeguarding as needed. The Director of Aquatics will also maintain all pool operations and oversee all equipment and maintenance to ensure proper pool functioning. This staff will need to work collaboratively with the Leagues, Tournament and Events Director to secure local, state, regional and national meets and have experience in competitive swimming as a participant or a coach. The Director of Aquatics should possess the following certifications: Current Lifeguard/CPR/AED/First Aid/Oxygen Administration Certification, American Red Cross WSI, USA Swimming Coach Certification and ASCA certification, certification with American Red Cross as a Lifeguard Instructor, and Certified Pool Operator. The Director of Aquatics will report directly to the General Manager.

6.3 Food and Beverage Manager

The Food and Beverage Manager oversees all Kitchen operations, including front of the house and back of the house operations. This staff will directly manage (interview, hire, train and evaluate) all Food and Beverage employees according to current labor conditions and needs and Health Department code. The Food and Beverage Manager will also budget and monitor weekly food and labor costs, monitor quality control, monitor sales, generate daily and

monthly financial reports as well as inventory reports and manage inventory and order Food and Beverage supplies as necessary. Additional responsibilities would include researching new food and beverage products, creating new menu and marketing ideas, inspecting equipment and food deliveries, coordinating kitchen equipment installation, evaluating health and safety practices, recording information about inventory and health practices and coordinating with other the Swim and Sport Center managers for special events and parties. The Food and Beverage Manger will be responsible for all outside Food and Beverage sales at the fields complex and will be responsible for the outside F&B facility. The Food and Beverage Manager will report directly to the General Manager.

6.4 Director of Fitness and Membership

The Director of Fitness and Membership will plan, coordinate, implement, supervise and evaluate land and water group fitness and personal training programs serving youth, adults and seniors. This staff will directly supervise group fitness, class instructors, and personal trainers (interview, hire, train and evaluate); build a comprehensive fitness program to include personal training, group fitness, small group training and other fitness and wellness activities, stay abreast of fitness trends to ensure program offerings are current and prepare statistical data for budgetary and programming purposes. This Director should have a background in fitness or related field; possess AFAA, ACE, NSCA or other nationally recognized fitness certification. The Director of Fitness and Membership will collaborate with other departmental units and outside organizations to optimize membership sales and proactively recruit new members while maintaining strong relations with current or new participants. This staff will oversee front desk staff and all membership operations, create sales goals and maintain monthly reports of sales. The Director of Fitness and Membership will report directly to the General Manager.

6.5 League, Tournament and Event Director

The Leagues, Tournament and Event Director is responsible for the day to day administration and promotion of all the Swim and Sport Center leagues, tournaments and events. This staff will be responsible for creating schedules, forming teams, facility promotion and rental of facility space. The League, Tournament and Event Director will also oversee all of the Sport Directors, Special Event staff and Tournament staff (vendor/in-house), work with a budget and monitor departmental financial spending, set sales goals and monitor monthly/yearly, coordinate with all staff to create a feasible schedule for events, negotiate and draft special event and tournament proposals and agreements, and directly supervise all Sport Director, Special Events and Tournament Interns. The League, Tournament and Event Director will report directly to the General Manager.

6.6 Director of Youth Services

The Director of Youth Services organizes and supervises all youth programs, camps and parties in the facility and manages all Youth Services Staff (interview, hire, train and evaluate); able to organize and instruct youth programs camps and classes, write curriculums for classes and day camps, handle all issues and injuries in youth programs, camps and parties, collect payments, monitor inventory and order Youth Services supplies, monitor and maintain Youth Services equipment. This staff will need to abide by State Licensing Regulations and Franchised Program requirements. The Director of Youth Services reports directly to the General Manager.

6.7 Pool/Facilities Manager

The Pool/Facilities Manager is responsible for the overall appearance and functionality of the Swim and Sport Center including the pool, building and grounds maintenance, custodial support, and environmental and safety regulation compliance. This staff will oversee all pool/facility maintenance staff (interview, hire, train and evaluate), monitor inventory and purchase supplies, create manuals for equipment operation and maintenance, maintain equipment

service and chemical logs (in-house and contracted vendor services), monitor overall appearance and cleanliness of the building, and must have knowledge of building internals (sprinkler systems, HVAC systems, alarm systems, automation system controls and operations, pool equipment, etc.). The Pool/Facilities Manager reports directly to the General Manager.

6.8 General Terms and Conditions for Salaried Personnel

F. General

- a. Employment is at will.
- b. Annual reviews will be conducted in November.

G. Compensation

- a. Salary (see Position Offer Letter)
- b. Participation in Annual Management Bonus Program based on achieving and on exceeding target income and expenses.

H. Benefits

- a. Managers and Directors will participate in the Swim and Sport Center health insurance program.
- b. The Field House does not currently have a retirement program.

I. General Terms for Salaried Personnel.

- a. Managers and Directors will be paid biweekly, 26 times per year.
- b. Managers and Directors are expected to work at least 40 hours per week and to take whatever additional time is necessary to perform well the tasks set forth in their Job Description.
- c. Managers and Directors will follow the work schedule set forth in their Position Description, which will include evening and weekend work. The work schedule will be subject to change from session to session.
- d. Employment is contingent on successful completion of background check.

6.9 ESM Staffing and Management Services

6.9.1 Human Resources

Working in conjunction with the General Manager, the ESM Director of Human Resources will oversee employee recruitment, hiring, training, retention, evaluation, and termination. Employee records will be kept on site. The Director of HR will establish all procedures and manuals for employees. They will make periodic site visits to interview and evaluate. New employees may be required to preform some training in other ESM locations.

6.9.2 Accounts Payable and Receivable

The ESM Finance Director will organize and manage all the financial aspects of the registration system and the food and beverage POS system, establishment and maintenance of the merchant services and banking accounts, receivables, payables, payroll, and cash handling procedures. A Swim and Sport Center-based employee will handle the daily accounting of income and expenses with authorization of payments supplied by the Finance Director.

6.9.3 Product Management and Marketing Leadership

ESM Managers and Directors from other ESM locations will provide expertize and guidance to the colleagues at the Swim and Sport Center. The products where the Swim and Sport Center staff can expect the most input from other ESM staff are:

- Tournaments.
- Food and Beverage.
- Sponsorship

- Youth Services

The General Manager will report directly to ESM President John Wack.

6.10 Background Checks:

Run background checks to include state and federal records and sex offender checks on all prospective personnel that are 18 years of age and older.

6.11 Ramp Up

ESM President John Wack and the Swim and Sport Center General Manager will ideally be involved in the design/planning/construction meetings from the very start of award. ESM will begin hiring other top management for the facility approximately six months prior to opening, beginning with the Aquatics director. Top staff will assist in the development of operations procedures and manuals, negotiate contracts with vendors, and most importantly, market the facility. About one month prior to doors opening, hourly staff will be hired. They will be trained on processes and systems, especially the facility management software, the key staff-customer interface.

6.12 ESM Internship Program

All three ESM facilities participate in an internship program that started originally in VBFH. Across the country there has been dramatic growth in the number of undergraduate and graduate degree programs focused on the various facets of Sports Business: Marketing, Finance, and Management. These degree candidates are typically required to participate in a 400-hour internship at to earn their degree.

The ESM Internship Program takes advantage of the growth in Sports and Recreation Management degree candidates by taking on 10-20 for several 10-week periods throughout the year across all three current facilities. These internships are unpaid though we do provide some housing facilities to out-of-town students. The interns work 400 hours of which they spend time learning the business and working in the various sub-specialties that match their degrees. Some assist the finance manager, some the marketing director and many work in youth services, league, camp, and tournament operations.

We receive about 300-400 applications each year for our program. Of the 30-40 interns we see annually, we hire about 4-5 to be hourly workers when their internship is done. Of those we promote 1-2 to be entry level managers, and a few of those have moved onto mid-level management. ESM has the ability through the Internship Program to attract the best upcoming sports and recreation business talent to its ranks, thoroughly vet them through 400 hours of training and initial work, and then pick the best to join the team. Each employee is completely aware of our culture, processes and procedures, and our emphasis on customer service.

7 Systems

7.1 Facility Management Software

The Swim and Sport Center will use Maximum Solutions' MaxGalaxy Hosted Cloud Solution. MaxGalaxy is the Industry's newest web-based, fully integrated software platform. The package of modules, delivered in a SaaS model (Software as a Service), enables organizations to manage reservations, registrations, memberships, billing and more in a fully hosted environment. Staff will access their software from virtually any location an internet connection is available (even Macs). This cloud-based solution provides the advantages of minimizing upfront software/hardware

investments, decreases overall deployment time, and best of all allows users the freedom and security of not having to invest in expensive server hardware. New features and updates are seamlessly transitioned into the software by best-in-class Client Services team. Data is always being backed up and stored securely. The Swim and Sport Center customers will enjoy the convenience and flexibility of reserving facilities, registering for programs, purchasing memberships, maintaining family account information and even paying outstanding balances from the comfort of their own homes.

7.2 Audio Visual

Televisions, digital programming and schedule displays, security cameras, and public address systems will be tied together and controlled centrally with an audiovisual management system. The Swim and Sport Center will have a software program that will allow public display of cable or satellite programming while at the same time using the display screens for in-house marketing of products, sponsor marketing, and important facility and schedule information. Screens will be located at the front desk, in the lounge, in the fitness area, locker rooms, and in the pool areas where practical. There will be a facility wide public address system for use in large events. Security cameras will be placed both inside and outside of the facility and will be monitored internally in the office behind the front desk. Information from these cameras will be stored locally for a period of time.

7.3 Telephone and Internet

The Swim and Sport Center will contract with a local telephone and internet service provider for telco and internet access. The internet service will be robust as staff management of the facility utilizing the cloud based service will be reliant on internet access. An internal phone system will be used to route calls to departments, store messages, and allow for conferencing and intercom use.

7.4 Accounting Software

The Swim and Sport Center will use QuickBooks to account for income and expenses and to generate the financial reports for in-house management and external reporting to the County. In order to reduce IT hardware expenses, the Swim and Sport Center QuickBooks company file will reside on a server located offsite and will be accessed remotely using secure software connections.

7.5 IT Hardware

As much of the Swim and Sport Center's software needs for business management will be hosted offsite and access via the Internet. Desktop units will be as basic as is practical and will be IOS based.

7.6 Concessions POS System

The concessions operation at the Swim and Sport Center will employ a Point of Sale system. The system will track inventory, act as a touch screen cash register, relay orders to the kitchen, and provide reports for operational and financial performance of the concessions business. ESM currently uses Micros at the Virginia Beach Field House and First Data at Fredericksburg Field House. The Swim and Sport Center will have one of these or better.

7.7 Customer Information Privacy

Customer privacy is extremely important. To better protect privacy we provide a notice explaining online information practices and the choices customers can make about the way their information is collected and used. To make this notice easy to find, it is available on the website and at every point where personally identifiable information may be

requested. The Swim and Sport Center does not sell or rent customer personal information to third parties for marketing purposes at any time or for any reason.

7.7.1 Information Collected

The notice applies to all information collected or submitted on this website. On some pages, you can register to receive materials. The types of personal information collected at these pages are:

- Name
- Address
- Email address
- Phone number

The information customers provide about themselves is used only for adding them to newsletter emails, special promotions, or company announcements. This information is not shared with outside parties except to the extent necessary to do business with you in an ethical manner. We use return email addresses to answer the emails we receive. Such addresses are not used for any other purpose and are not shared with outside parties. Customers can register on the Swim and Sport Center website if they like to receive information or updates on new products and services. Information they submit on this website will not be used for this purpose unless they fill out the registration form or unless they are a previous client and do not opt out of the subscription. We use non-identifying and aggregate information to better design the website and to share with advertisers. For example, we may tell an advertiser or sponsor that X number of individuals visited a certain area on the website, or that Y number of men and Z number of women filled out the registration form, but do not, and will not disclose anything that could be used to identify those individuals. Finally, we will never use or share the personally identifiable information provided online in ways unrelated to the ones described above without also providing customers an opportunity to opt-out or otherwise prohibit such unrelated uses.

7.7.2 Commitment to Data Security

To prevent unauthorized access, maintain data accuracy, and ensure the correct use of information, we have put in place appropriate physical, electronic, and managerial procedures to safeguard and secure the information collected online.

7.7.3 Payment Security

We have installed procedures to safeguard and secure the information we collect online, in compliance with the Payment Card Industry (PCI) Data Security Standards. Customer information is transmitted on services located in the United States, and customer data and your personal information is protected against unauthorized access and disclosure. We accept Visa, Mater Card, Discovery, and American Express.

7.7.4 Commitment to Children's Privacy

Protecting the privacy of the very young is especially important. For that reason, we never collect or maintain information from those we actually know are under 13 years of age, and no part of the website is structured to attract anyone under 13.

7.7.5 How Customers Can Access or Correct Their Information

Customers can access all their personally identifiable information collected online and maintained by emailing the Swim and Sport Center with accurate and up to date information. We use this procedure to better safeguard Customer information. We also trust that the information customers provide is theirs and not that of another individual or company. Customers can correct factual errors in your personally identifiable information by sending us a request that credibly shows error. To protect their privacy and security, we will also take reasonable steps to verify their identity before granting access or making corrections.

8 Marketing Strategy

The marketing of the facility falls under the responsibility of the Marketing, Rentals, and Events Director under the direction of the General Manager. Together they will establish a program of general branding and facility awareness using traditional outlets of radio, print and local expos. However, all the Swim and Sport Center employees participate in marketing, primarily through the consistent delivery of quality products and the maintenance of clean, safe facilities, and by publicizing the products under their management. Individual managers pursue local and regional outlets for their products depending on the audience. Where possible, product managers will have both indoor and outdoor marketing responsibilities. The tournament director will market basketball tournaments inside and lacrosse tournaments outside. Youth Service Director will attend local camp expositions, kids conventions, and visit pre-schools and daycare centers to promote our camps and other programs. All hands are on deck for marketing the complex locally and regionally.

8.1 Start-up Marketing efforts

The initial marketing effort will broadcast up-to-date information about our opening to the sports community. The community is fairly tight-knit and thus the news of the new facility will be sped along by word of mouth. The next step will be guiding the team decision-makers to the registration website. Only then, with the specifics of the dates, cost, leagues and times in front of them will teams make the decision to participate.

Our initial efforts will concentrate on the existing sports teams. Our staff will:

- Visit sporting events and hand out brochures to teams.
- Bring the web site online with all league and registration information six months in advance of opening.
- Offer a series of free clinics and distribute flyers through the schools. Try to get kids to sign up as individuals and make teams.
- Issue a press release to all local press and hold a grand opening.
- Call all High School Coaches and educate them on the Swim and Sport Center's High School League.
- Approach local companies' Human Resources departments with offers for corporate teams and events.
- Approach area Parks and Recreation departments and propose utilization for their programs.
- Offer free play in the months of September and October in advance of the first Winter season.

8.1.1 Start-up marketing for Lifestyle and Seasonal Adults

The recreational adults are the primary revenue generators for an indoor sports center. The majority of the Lifestyle Adults are sports players who find us through normal channels, such as word of mouth or the phone book. To get Seasonal Adults to try our services, the primary marketing method will be to consistently hand out marketing material to adults at outdoor games. This simple method has proven far more effective than other channels such as periodical advertising or radio.

The key to growth of the Lifestyle Adults is to provide consistently good service so that Seasonal Adults chose to continue to play in the off-season. Another method of growth is to bring in non-sports players, train them and put them in skill-appropriate leagues. These beginner players have proven to be very loyal customers and usually translate into Lifestyle Adult customers.

8.1.2 Start-up Marketing for Youth Sports Teams

We will approach youth players through the outdoor team sport associations since 80% of the youth players that will eventually play in our facility are currently registered and playing in an association. Staff will contact each association or club and educate them on our products and services. The biggest benefit we offer to the individual clubs is our ability to help develop the level of their sport within their association. This also happens to be the association administrators' primary goal and is usually their personal motivation for serving their sport as administrators. Aligning these goals with the association has proven to be successful formula in the industry for attracting youth players.

The manager of the facility will approach all the local team sports clubs during the spring and summer and fall of 2010.

8.2 Lil' Kickers, Lil Sluggers, and Lil' Monster Ballers

Lil' Kickers (LK) is nationally branded kids program designed to serve the 2 to 10-year-old market. Dance studios, gymnastic centers and Karate centers currently service this market. LK combines the branding, curriculum and marketing to effectively attract and keep this age group.

Lil Sluggers is a child development program created to introduce children ages 2-6 to the game of baseball. Lil Sluggers classes develop important baseball skills such as throwing, fielding, hitting, and base running. Developmentally appropriate equipment and games are used to teach your child the game of baseball in a fun, exciting, and positive environment.

Lil' Monster Ballers is a child development program that focuses on teaching the fundamentals of basketball to inexperienced players ages 5-12 years old. The program's eight-week curriculum is designed to teach children the necessary skills, dedication, teamwork, and passion required to become a Monster Baller on and off the court. Our coaches are trained to instill confidence in the players by creating a fun and challenging atmosphere that will prepare them for league play. The program is divided into three different age groups, the Gnomes 5-6 years old, the Ogres 7-8 years old, and the Trolls 9-12 years old. Each age group has their own unique curriculum that builds upon itself from week to week to achieve their true Monster Baller potential.

Combined with the efforts to market our Birthday Parties, Camps, and recreation-level sports programming, LK will also have its own marketing effort. The director of the program will

- Solicit Day Cares and grade schools to come for free play days and field trips.
- Drop-off flyers and brochures at schools and daycares.
- Attends fairs and events.
- Conduct classes offsite.

8.3 Annual Marketing

The Swim and Sport Center will regularly market to the following categories.

8.3.1 Adults

The adult market can be broken into two categories: adults who currently play team sports and adults who don't. The main thrust of targeting adults who currently play team sports will be through existing leagues. To attract adults who don't consider themselves traditional team-sports players, we will center our marketing on building and sustaining the beginner classes.

- Hand out flyers at adult games for a couple of weeks, twice a year.
- Engage in a systematic, assertive referral program
- Have a booth and/or presence at adult tournaments
- Sponsor an outdoor sports adult team preferably with an employee on it who will hand out literature to opposing teams every game.
- Offer free clinics to school groups, churches and other adult groups
- Do yearly Val Pak coupons for classes
- Offer classes through community colleges and other adult continuing education organizations.
- Place Ads in targeted periodicals aimed at active adults, such as runners and cyclists.
- Form a cross-promotion relationship with athletic clubs

8.3.2 Youth Annual Marketing

- Offer individual youth leagues, where kids can sign up and we place them on teams. We entice them to the facility through free clinics. Flyers will be distributed through elementary schools every fall and spring. Most schools will allow distribution if the product is free.
- Engage in a systematic, assertive referral program
- Approach PTAs about using the referral program as a fundraiser.

8.3.3 General Marketing

- Send an annual program guide in the fall of all the Swim and Sport Center's services to surrounding zip codes.
- Call all past customers not currently registered.
- Aggressively market all our services to existing customers through facility signage, flyers and emails.
- Advertise leagues and seasons in all local recreation departments' quarterly guides.
- Email new session reminders.
- Email a quarterly newsletter to the entire customer database
- Use a referral program to groups to drive their member
- Cable TV ads

Some cable TV and radio spots will air on a regular basis targeted to adults looking for a way to make team sports a fun fitness part of their lifestyle. Mass media however will be used on a disciplined, budgeted basis. We will implement a referral process 90 days after opening that tracks and rewards customer for referring new customers.

8.4 Pre-sale of Advertising Partners

An advertising partnership program will begin approximately 6 months before opening with a goal to sell \$50,000 worth of corporate promotional partnerships by opening. To better the sponsorship potential of the Swim and Sport Center, we are investing in more than 20 video screens that will be mounted throughout the facility on which will be displayed sponsor advertising, in-house notices and promotions, and sports programming from cable feeds. A

software program will combine all of these onto one single screen. The sports programming will attract the visitors' eye after which they'll be exposed to our notices and reminders and our sponsors' information.

9 Accounting

The Swim and Sport Center's Income and Expense account structure will be product based. We will elect "Cash" accounting both with the IRS for the company and within QuickBooks for accounting and report generation. We will use summary accounts in the "collapsed" view of the Profit and Loss Statement under Reports in QuickBooks. Underneath of these summary accounts will be sub-accounts and even sub-sub-accounts to track seasonal programs or difference in gender or age of programs. For instance, under the summary Income account, "Leagues", we will have a sub-account, of "Basketball", a sub-sub-account of "Adult Basketball", and a sub-sub-sub-account of "Winter Adult Basketball". We will use the "Class" designation to distinguish between outdoor and indoor income and expense and will use the "Job" designation to track income and expense for large events, tournaments, and meets.

9.1 Income

Income will be organized by product. See the table to the right for the summary headings.

9.2 Cost of Goods Sold

Any expenses that are directly related to the delivery of a product we list under Cost of Goods Sold. Examples are the expense of 1099 instructors for fitness, referees for leagues, tee shirts for campers, et cetera. The exception to this are employees who may devoted to one area or activity but who we list under wages rather than COGS so that we may keep close watch on our wages as % of gross income figure. As much as possible, COGS accounts will mirror income accounts so that gross margins for specific programs can be tracked.

9.3 Expenses

As with staffing, ESM runs its facilities as efficiently as possible. Using data from the other three businesses, we establish for the budget metrics that are used to forecast expenses. In most instances they are a function of gross income, but sometimes they are a function of square footage, like utilities.

9.3.1 Administrative Expenses

All office expenses such telephones, Internet, web site, bank fees, credit card processing fees, dues, legal fees, fall under this heading. ESM has excellent merchant vendor relationships, which it will bring to the Swim and Sport Center. Over the last two years our three facilities have ranged from 3.47% to 6.22%. We assume 6%

9.3.2 Facility Expenses

Facility expenses include cleaning supplies, maintenance supplies, maintenance contracts, waste disposal, et cetera. Over the last two-year our building and grounds expenses have run 2.42% to 5.34% of gross income with USTC being at the high end of the range. Because of the outdoor caring for the entire grounds, we assume at the top end of this range at 4.5%. Included on the P&L for accounting purposes for determining Net Operating Income below will be all one-time new or replacement capital expenses for building equipment.

	Year 1	Year 2	Year 3
Income			
Membership	\$459,425	\$864,800	\$1,330,100
Leagues	\$321,588	\$508,073	\$555,833
Fitness	\$51,640	\$74,360	\$135,920
Youth Services	\$309,810	\$440,053	\$546,542
Rentals	\$233,640	\$331,976	\$407,712
Tournaments and Meets	\$184,800	\$182,800	\$226,800
Aquatics	\$91,580	\$125,700	\$247,010
Concessions	\$160,848	\$257,776	\$344,992
Sponsorship	\$24,000	\$30,000	\$36,000
Total Income	\$1,793,331	\$2,865,538	\$3,838,988
Cost of Goods Sold	\$488,788	\$716,384	\$957,277
Gross Profit	\$1,304,543	\$2,149,154	\$2,873,181
Expenses			
Administrative Fees	\$107,690	\$171,932	\$229,854
Facility	\$89,742	\$143,277	\$191,545
Insurance	\$44,871	\$71,638	\$95,773
Marketing	\$95,897	\$57,311	\$76,618
Salaries and Wages	\$627,666	\$859,663	\$1,072,654
Utilities	\$177,562	\$133,940	\$140,637
Taxes	\$8,109	\$6,250	\$5,928
Interest	\$102,300	\$102,300	\$102,300
Management	\$143,586	\$200,588	\$229,854
Total Expenses	\$1,287,421.33	\$1,747,597.48	\$2,146,628.15
Net Income	\$57,281.75	\$401,556.88	\$728,152.96

9.3.3 ESM Management Fee

ESM employees who are not direct employees of the Swim and Sport Center will supply certain management services to the Swim and Sport Center. Included but not limited are Accounts Payable and Receivable, Information Technology, Sponsorship Sales, Youth Services Programming, Employee Training, and Tournament marketing. Per the original ESM RFP submittal, this fee starts as 8% of gross income in year 1 of operation, declining to 7% in year 2, and remaining at 6% for the rest of the term. This will be paid out monthly.

9.3.4 Other Expenses

The utilities are a blended rate using data from our other facilities. Because the pool is more expensive to operate, the square footage of the pool area is broken out from the rest of the building and an added amount is calculated. The insurance figure is based on quotes from the insurance company we use at all other facilities. The marketing figure is a function of gross income and is comparable to what we've historically found to be successful.

10 Reports to the County

The Swim and Sport Center will provide to the County the following reports from QuickBooks at the frequency noted in both "expanded" and "collapsed" versions:

Quarterly

- Profit and Loss Year to Date
- Profit and Loss for the Preceding Quarter
- Profit and Loss Previous Year Comparison (year 2 on)
- Balance Sheet
- Accounts Payable and Receivable

Annually

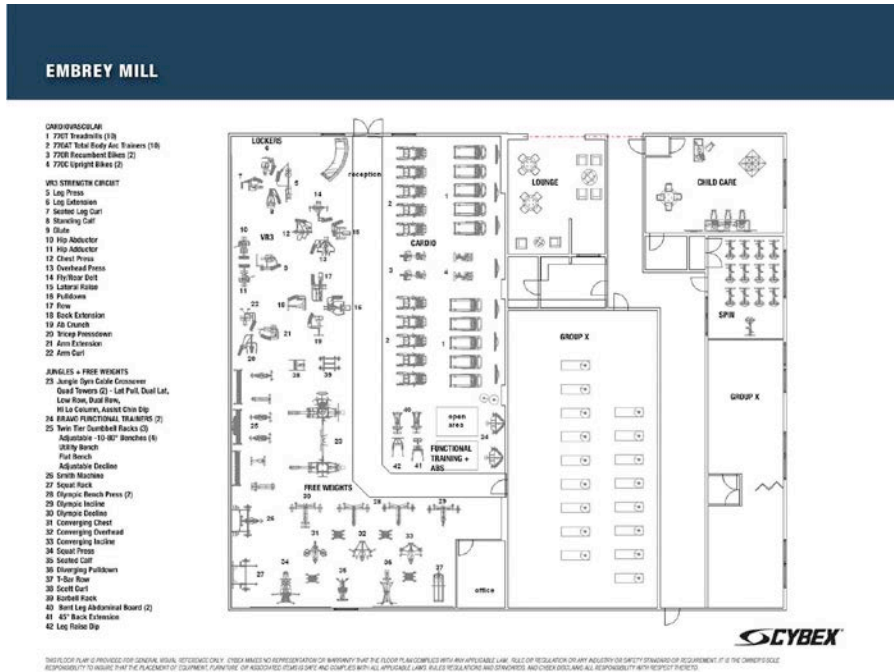
- Accountant Prepared Tax Returns
- Business Plan Review and Revision
- Revised Annual Forecasts

11 Kitchen Re-design

At the time of the County award of the lease to the Swim and Sport Center, the building had already been designed and the construction contract for building awarded. Integral to ESM's business plan for the Swim and Sport Center are the kitchen operations. Accordingly, the County and ESM have set out to redesign the kitchen to allow for a greater volume and range of food to be served to the customers of the Swim and Sport Center. The County agrees to fund all changes to the building elements in the kitchen design, including but not limited to changes in wall, floors, ceilings, flooring, HVAC, and electrical. The Swim and Sport Center will fund all kitchen equipment including everything listed in Section 3.8 of this plan.

12 Fitness Equipment Schedule

Attached is a layout from a national equipment dealer with quality equipment and good pricing. After the lease award and closer to the opening of the facility, we will put the equipment out to competitive bid for the best pricing, service contracts, and warranties available at that time. The following is a good representation of the type and quantity of equipment to be used in the Fitness Room.



13 Start-up Budget

Start-up Budget

Equipment		\$552,000
Computers	\$40,000	
Audio Visual	\$50,000	
Furniture	\$30,000	
Sports Equipment	\$20,000	
Aquatics Equipment	\$10,000	
Grounds	\$20,000	
Fitness Equipment	\$262,000	
Kitchen Equipment	\$120,000	
Pre-Opening		\$290,000
Wages	\$200,000	
Marketing	\$50,000	
Temporary Space	\$20,000	
Temporary Power and Com.	\$20,000	
Working Capital		\$250,000
Operating Reserve	\$250,000	
Total		\$1,092,000

14 Three-Year Profit and Loss

Three Year Profit and Loss

	Year 1	Year 2	Year 3
Income			
Membership	\$459,425	\$864,800	\$1,330,100
Leagues	\$179,388	\$299,993	\$391,313
Fitness	\$51,640	\$74,360	\$135,920
Youth Services	\$213,110	\$274,213	\$335,265
Rentals	\$60,000	\$76,800	\$91,000
Tournaments and Meets	\$90,800	\$94,800	\$94,800
Aquatics	\$97,580	\$175,700	\$247,010
Concessions	\$124,864	\$202,651	\$283,668
Sponsorship	\$36,000	\$48,000	\$60,000
Total Income	\$1,312,807	\$2,111,316	\$2,969,076
Cost of Goods Sold	\$328,202	\$527,829	\$742,269
Gross Profit	\$984,605	\$1,583,487	\$2,226,807
Expenses			
Administrative fees	\$78,768	\$126,679	\$178,145
Facility	\$70,625	\$113,858	\$159,018
Insurance	\$32,820	\$52,783	\$74,227
Marketing	\$28,250	\$45,543	\$63,607
Salaries and Wages	\$459,483	\$633,395	\$831,341
Utilities	\$127,562	\$133,940	\$140,637
Taxes	\$71,747	\$68,231	\$64,716
Interest	\$103,740	\$103,740	\$103,740
Management	\$105,025	\$147,792	\$178,145
Total Expenses	\$1,078,019.52	\$1,425,960.84	\$1,793,574.97
Net Income	-\$93,414.04	\$157,526.16	\$433,232.20

These projections assume a December 1, 2015 business opening. Because of the reliance on membership income to achieve the projections, and because membership in fitness and health clubs are sold to a great extent in December and January of each year, an opening after December 1 will have a significant impact on the first year's projections.

15 Projected Opening Price List

Membership	County		Non-County		
Individual		\$39.00		\$49.00	
Family		\$69.00		\$81.00	
Leagues	Players/Team		\$/Player		
	Adult Basketball	7		\$75.00	
	Youth Basketball	8		\$75.00	
	Adult Volleyball	6		\$75.00	
	Youth Volleyball	7		\$75.00	
	Futsal	5		\$75.00	
	Field Hockey	7		\$75.00	
	Social Sports	6		\$50.00	
	Pickleball	2		\$30.00	
	Deck Hockey	7		\$75.00	
	Youth Services	Children/Class		\$/Child	
		Before School	30		\$175.00
After School		30		\$350.00	
Day Camp		10		\$350.00	
Summer Camp		30		\$200.00	
Vendor Sports					
Camps		27		\$190.00	
Clinics		27		\$104.00	
Lil Kickers		7		\$169.00	
Lil Ballers		7		\$104.00	
Birthday Parties		10		\$20.00	
Rentals	\$/Hour County		\$/Hour Non-County		
	Gym	\$50.00		\$75.00	
	Aerobics	\$30.00		\$50.00	
	Classrooms	\$10.00		\$20.00	
	Competition Pool	\$250.00		\$350.00	
	Warm-up Pool	\$125.00		\$225.00	
	Wellness	\$75.00		\$125.00	
Tournaments, Events, and Meets	Teams/Event		\$/Team		
	Adult Basketball	8		250	
	Youth Basketball	8		250	
	Adult Volleyball	8		250	
	Youth Volleyball	8		250	
	Futsal	8		250	
	Field Hockey	8		300	
	Local Meets	8		400	
Regional Meets	16		800		
Aquatics	People/Class		\$/Class		
	Swim lessons	6		\$25.00	
	Arthritis classes	25		\$5.00	
	Master swim	20		\$5.00	
	Aqua Exercise	48		\$0.00	
	Scuba	4		\$350.00	
	Lifeguarding classes	10		\$300.00	
	Water polo league	28		\$5.00	
ISR	1		\$120.00		

16 Standard of Care for the Building and Grounds by Staff

16.1 INTERIOR

16.1.1 Sweeping Standards

After completion of sweeping floors they shall show no dust or dirt, dirt streaks, scuffmarks, paper clips, staples, paper, confetti, insects, or any other foreign objects. This includes areas behind or under furniture, benches, worktables, doors, corners, or any other object that is not installed or securely fastened in place. Baseboards, furniture, walls, and equipment shall not be disfigured or smeared by tools and materials used in performance of the work. All furniture and other equipment moved during the sweeping process shall be replaced at completion of the work.

Resilient and wood floors shall be swept with clean, chemically treated mops. Gum and similar substances shall be removed within forty-eight (48) hours. Sweeping compounds shall not be used on "Waxed" floors. Sweeping shall be required behind or under moveable furniture, including chairs, waste paper baskets, floor fans, etc. Policing shall consist of picking up small pieces of paper, paper clips, staples, confetti, shreds of paper, cups, cigarette butts, etc.

16.1.2 Mopping Standards

Floors, baseboards, kick plates, and floor/chair mats, shall be clean and free from film, mop streaks, and scuff marks, including hard reaching places. Gum, oil, food, and similar substances shall be completely removed within forty-eight (48) hours. Water seepage under baseboards, bumping baseboard corners of furniture, and splashing water on walls, baseboards, or furniture shall not be permitted.

16.1.3 Rest Room Cleaning Standards

Every toilet, urinal, shower, lavatory, mirrors, restroom partition, dispensers and sink, associated fixtures and floors, shall be properly cleaned, wiped, mopped, and disinfected each day. Toilet bowl exteriors shall be washed, disinfected, and wiped clean. All water scale shall be removed immediately. Toilet bowl interiors and underside of rims shall be cleaned thoroughly with an acceptable toilet bowl cleaner. Toilet brush cleaning interiors of toilet bowls shall include working the brush as far into the trap as it will reach. Toilets shall be flushed after cleaning to rinse. Toilet seats shall be cleaned with germicidal detergent. Urinal exteriors and adjacent walls shall be washed, disinfected, and wiped clean. All water scale shall be removed immediately. Urinal interiors and underside of rims shall be cleaned thoroughly with a toilet bowl cleaner. Urinals shall be rinsed after cleaning. Chrome-plated hardware shall be cleaned to a high luster finish. Restroom floors shall be washed with suitable disinfectant cleanser and ample solutions to thoroughly clean the floor. All water scale shall be removed immediately. This washing shall be done well enough to insure that all dirt, scuffs, and mildew will be removed with special care given to all edges and corners. The floor shall be thoroughly rinsed and dried after each cleaning. The drain p-trap shall be kept sufficiently filled to combat any bad odors. Restroom mirrors, shelves, and miscellaneous fixtures shall be cleaned thoroughly, using non-abrasive cleaner. Walls and toilet partitions shall be washed with a neutral cleaner. Grout joints shall also be kept clean. This shall be done to keep the walls and partitions free from streaks and soap film with a high luster finish. All graffiti shall be removed immediately.

16.1.4 Dusting Standards

All horizontal or vertical dusts collecting surfaces from ceiling to floor shall be free from dust. This includes: fire extinguishers, fire extinguisher boxes, ledgers, plaques, pictures, light, ceiling fans, window blinds, supply and return air registers, and grills. After dusting is completed, dust shall be removed and not scattered around the room. The Staff

will be responsible for the cleaning or dusting of employee's work surfaces, such as, desks, credenza's, bookshelves, tops of wall partitions, computer stations, drafting tables, and any other clear/open surfaces. High dusting areas are defined as areas that can be reached by a ten (10) foot ladder or with a sixteen (16) foot extension pole. If dusting does not accomplish the task of cleaning the object, please see wiping standards.

16.1.5 Wiping Standards

The Staff will be responsible for wiping counter tops, kitchen sinks, waste receptacles, tables, benches, and vinyl chairs, light switches, doors, door handles, door edges and any other items that need wiping.

16.1.6 Metal Cleaning Standards

The Staff will be responsible for insuring that all metal surfaces are without deposits or tarnish and must have a uniformly bright appearance. The cleaner used shall be removed from all adjacent surfaces.

16.1.7 Glass Cleaning Standards

Glass will be considered clean when all glass surfaces (inside and out) are without streaks, film, and deposits and stains, and have a uniformly bright appearance, and adjacent surfaces wiped clean.

16.1.8 Disposal Standards

The Staff will be responsible for all trash receptacles to include, wastepaper baskets, trashcans, boxes, etc. The above receptacles shall be checked, and emptied daily. The above receptacles shall be re-lined a minimum of semiweekly or as needed. Before re-lining, waste receptacles shall be rinsed or wiped, as necessary. Exterior smoking urns/receptacles shall be checked, sifted, and cleared of all debris on a daily basis.

16.1.9 Scrubbing and Stripping Standards

Scrubbing and stripping shall be performed using professional floor cleaning equipment. A minimum amount of water containing a neutral detergent for washing, or a tripping solution for stripping, shall be used. Hard to reach places shall be done by hand with a scrubbing brush or pad. Do not use any solution, equipment, or pads, which will damage the floors. Water seepage under baseboards, bumping baseboards, corners of furniture, carpet and under adjacent areas and the splashing of water, wax, or similar liquid on walls, baseboards, or furniture shall not be permitted. Floors shall be rinsed so that all film is removed including adjacent areas.

16.1.10 Finishing Standards (After Stripping)

Before applying floor finish, floors need to be clear of all scuffmarks, dirt, dust, etc. A minimum of three (3) coats of floor finish shall be applied with a clean applicator. The first coat shall be thoroughly dry before applying second coat. The topcoat, when thoroughly dry, shall be buffed in accordance with manufacturer's instructions, and buff to a hard luster finish. No heavy accumulations of floor finish around walls, vending machines, under furniture, radiators, and doors leading to adjacent areas will be permitted. If accumulated, it shall be removed and the area refinished. Any water, wax or finish splashed on furniture, office equipment, walls or baseboard shall be removed immediately.

16.1.11 Buffing Standards

All buffing shall be to a hard luster finish. Floors shall be maintained to a high luster finish at all times.

16.1.12 Carpet Cleaning Standards

All carpet areas shall be vacuumed as required to maintain a clean appearance and limit excess wear. Vacuum all carpet under desks, tables, chairs, wastepaper baskets, floor fans, corner edges, and behind doors. All caster furniture and light furniture shall be moved for vacuuming and replaced in its original position, taking care not to disturb work or projects. Gum, oil, food, or any other substance shall be completely removed within forty-eight (48) hours. Spot cleaning carpets, all spots shall be removed daily. Staff shall use an approved carpet cleaner and spot remover. A carpet adequately spot cleaned is free of all stains, deposits, gum, and spills. Care will be taken to use a product that will not harm the carpet fibers. Carpet should be cleaned according to the included schedule.

16.1.13 OSHA Guideline Hazardous Communications

The Staff shall comply with the OSHA Hazardous Communications Standard 29CFR1910.1200 as it pertains to the training, safety, and equipment needed for all employees engaged in custodial service. The Staff shall be responsible for meeting compliance prior to Contract acceptance and shall provide proof of program to the Property Administrator.

16.1.13.1 Material Safety Data Sheets

Copies of Material Safety Data Sheets for all products used must be posted. The Material Safety Data Sheets must be organized and include an index

16.1.13.2 Caution Signs

Staff must use Caution Signs as required by OSHA guidelines. Caution Signs shall be on-site at each building location on Contract start date.

16.1.13.3 Blood Pathogens

The Staff shall comply with the OSHA Blood Borne Pathogens Standard 29CFR1910.1030 as it pertains to the training, safety and equipment needed for all employees engaged in custodial service. The Staff is responsible for cleaning spills of bodily fluid unless it constitutes a crime scene, in which case the authorities must be notified.

16.2 EXTERIOR

16.2.1 Common Area Turf Maintenance

- a. Pre-mowing pickup and disposal of litter from all sites. NO trash is to be cut up at any time.
- b. Mowing turf height to be maintained between three (3) to five (5) inches at all times. Mowing height will be no less than two and one-half (2 ½) inches. No more than one third (1/3) of the blade shall be removed during the mowing.
- c. All grass adjacent to vertical surfaces such as buildings, walls, fences, and trees, will be trimmed with a string line trimmer. Care should be taken to ensure trimming around trees and woody plants do not result in injury or damages to the plant.
- d. Edge of sidewalks, lead walks, and concrete curbs, which are adjacent to turf areas. Edging shall be accomplished by an edger to a minimum depth of three (3) inches below the rigid surface.
- e. All mowing, edging, and trimming debris are to be cleared from sidewalks, curb lines, and paved areas without possibility of damages to buildings, vehicles, and pedestrians.
- f. Maintain all shrubs and flowerbeds to be free of weeds and other debris.
- g. Grass may not be cut when wet. Turn off sprinkler system twenty-four (24) hours in advance of mowing.

16.2.2 Pest Control

The Staff shall be responsible for the detection, monitoring and controlling of all pest. The Staff shall be aware of potential pests and shall make regular inspections of all outdoor vegetation including trees, shrubs, planting and turf. The Staff shall remove pests in a timely manner. The Staff shall apply pesticides on the site at a time of day when human activity is at a minimum or weekends.

16.2.3 Landscape Maintenance

- a. All beds and tree rings (including raised beds and contained planters) shall be mulched with dark double-shredded hardwood bark mulch at a depth of two (2) inches in early spring no later than April 1st. The Staff shall remove any mulch existing from years that is in excess of two (2) inches before new mulch is applied. The mulch must be kept away at least two (2) inches from the base of tree trunks and at least (2) inches from the crown of all shrubs.
- b. All planting beds are to be edged to a depth to provide a clear separation of turf and mulch. Tree rings are to be established and maintained at the minimum diameter of 4'. Tree rings are to be edged when contacting hard surfaces (sidewalks, curbs, gutters or roadways). All beds are to be edged prior to mulching.
- c. The Staff shall keep all beds, tree rings and planting areas weed-free at all times. The Staff shall control weeds by hand at least monthly. Herbicides shall be applied only by staff certified for application of these products, and strictly in conformance with product recommendations.

16.2.4 General Grounds Maintenance

- a. The Staff shall ensure that all of the grounds, including planting areas, lawns and paved areas are to be kept clean. This includes wooded and natural areas.
- b. The Staff shall remove and dispose of any and all trash including but not limited to cigarette butts, sticks, natural debris including but not limited to soil, sand, rocks and gravel, withered flowing buds, seed pods, leaves, etc. from all landscaped areas, including all raised planters, turf and groundcover beds and paved areas during every visits. Vegetative debris shall be collected separately and transported to an appropriate facility off site.
- c. The Staff shall rake and remove leaves each fall periodically as they accumulate, with final leaf removal completed by December 31st. Leaf removal shall include removal of leaves from all turf areas, including street, parking lots, and parking lot curb areas. The Staff shall remove from the County sites and properly transport all leaves and vegetative debris to an appropriate recycling facility.
- d. The Staff is required to remove all leaves from all lawns and bed areas each visit before mowing. These include leaves and branches that drop throughout year. All vegetative debris will be collected separately and transported to appropriate recycling facilities.

16.2.5 Arboricultural Services

The County will be responsible for all arboricultural services to include pruning, removal and replanting of trees.

16.2.6 Snow and Ice Removal

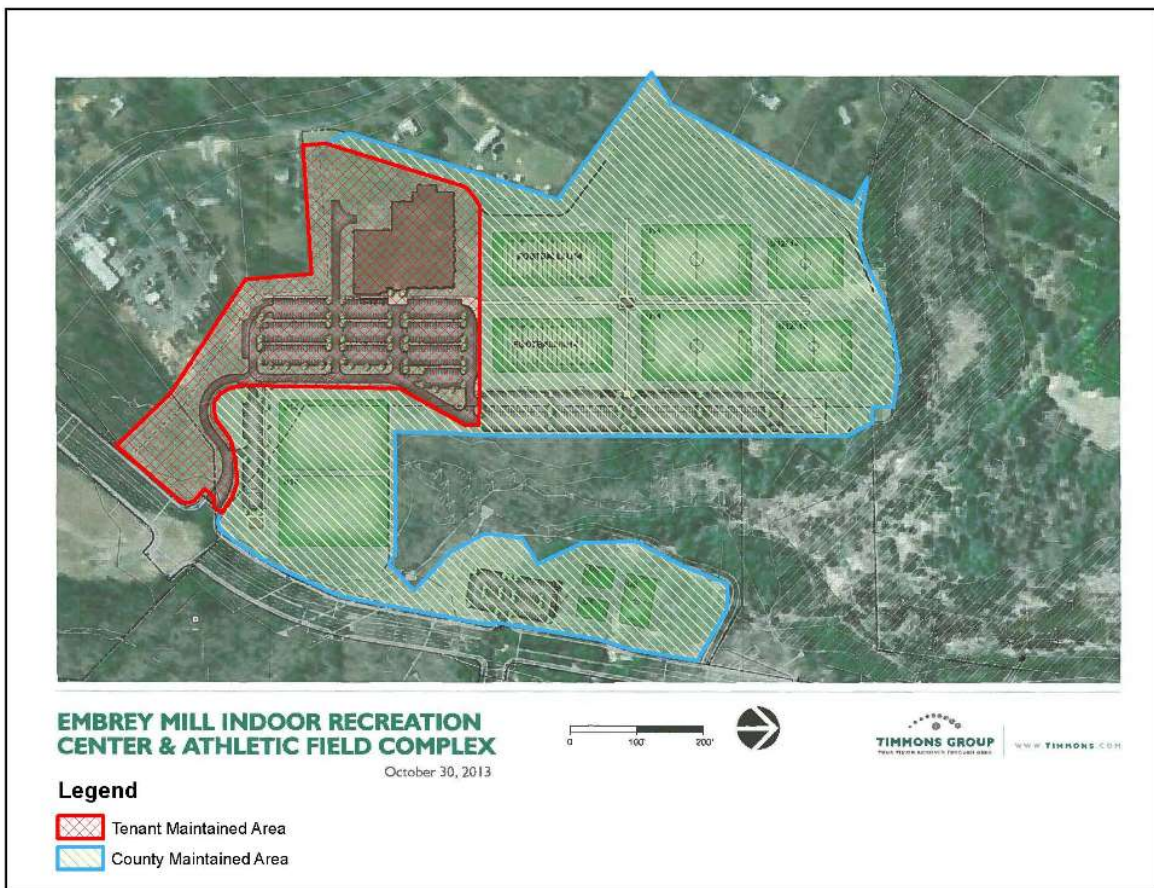
The Staff shall provide all materials, equipment, and labor, necessary for the timely removal of snow and ice on an “as-needed basis” from pedestrian and vehicular areas for the pedestrian walkways around the grounds of the facility. Staff

shall have sufficient equipment and personnel so as to be readily available to respond to multiple priorities and conditions concurrently.

- a. Remove snow and ice in parking lots sufficient to restore ample parking places as soon as possible. Remove snow completely to the edge of the parking area to the maximum extent practical, without damaging curbing, parking stop blocks or storm drain structures.
- b. Clear handicap parking areas completely to ensure safe access.
- c. Material spreading operations will be used during icing conditions or for light snow of insufficient depth to plow.

17 Swim and Sport Center Maintenance Area

Staff at the Swim and Sport Center will have maintenance responsibility for the building, main parking lot, entrance road, and common area south of the red lines below:



18 Priority Booking for Schools and Swim Clubs

The Swim and Sport Center will offer priority booking to County schools and current County swim club customers in the competitive pool according to the schedule below:

Organization	AM Weekday Times	Lanes*	PM Weekday Times	Lanes	Weekend Times	Lanes
High Schools (practice)	5:00 – 6:30	6	2:30-6:00	6	0	N/A
High Schools (meets)			Tues & Fri 6:00-11:30 PM			
Swim Clubs	6:00-7:30	6	3:30-8:30 5:45-9:00**	6 6	7:30-9:30 am	4

* “Lanes” are currently used as 25-yard swim lanes. It is expected that some use of the JRS&SC competition pool will be requested for 50-meter practice, but we have no records for comparison.

** Club team hours shift during high school swim season

19 Priority Reserve Times for County Aquatics Programs

The Swim and Sport Center will offer priority booking to Parks, Recreation and Community Facilities Department in the aquatics area according to the schedule below:

Swim Lesson lane use (school year):

Mon-Thu	4:00-7:00p	4 lanes (3 shallow/ 1 deep)
Mon-Thu	9:30-12:00p	2 lanes (1 shallow/ 1 deep)
Sat	9:00a-12:00p	4 lanes (3 shallow/ 1 deep)

Swim Lesson lane use (summer season): Warm-up/Cool-down Pool

Mon-Thu	9:00a-12:00p	4 lanes (3 shallow/1deep)
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Water Aerobics: Both pools required at various times

M/W/F	6:30-7:30a	2 lanes alternating shallow/deep
Mon-Fri	8:00-9:00am	4 lanes alternating shallow/deep
Mon-Fri	6:30-7:30pm	4 lanes alternating shallow/deep
M/W/F	10:00-11:00am	3 lanes deep/shallow/deep
Sat	8:00-9:00am	4 lanes alternating shallow/deep
Sun	2:00-3:00pm	2 lanes alternating shallow/deep

Triathlon swim training: Competition Pool

Sat 9:00-11:00am 1-2 lanes (alternating shallow/deep)

Aquatic Therapy and Rehabilitation:

Mon-Fri 9:00-11:00am & 3:00-4:00pm wellness pool

Sat (Aqua Stretch) 9:00-11:00am wellness pool

The Swim and Sport Center's scheduling of meets and events that require use of the lanes listed above will take priority over County aquatics programming, although every effort will be made to provide the earliest possible notice of scheduled meets and events to allow rescheduling of these activities.



**EMBREY MILL INDOOR RECREATION
CENTER & ATHLETIC FIELD COMPLEX**

October 30, 2013



WWW.TIMMONS.COM





EMBREY MILL INDOOR RECREATION CENTER & ATHLETIC FIELD COMPLEX

October 30, 2013



Legend

-  Tenant Maintained Area
-  County Maintained Area

R15-77

PROPOSED

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the day of , 2015:

MEMBERS:

- Gary F. Snellings, Chairman
- Laura A. Sellers, Vice Chairman
- Meg Bohmke
- Jack R. Cavalier
- Paul V. Milde III
- Cord A. Sterling
- Robert "Bob" Thomas, Jr

VOTE:

On motion of , seconded by , which carried by a vote of , the following was adopted:

A RESOLUTION TO AUTHORIZE THE COUNTY ADMINISTRATOR
TO EXECUTE A LEASE FOR OPERATION OF THE JEFF ROUSE
SWIM AND SPORT CENTER

WHEREAS, the board desires the Jeff Rouse Swim and Sport Center (Center) be operated privately; and

WHEREAS, the Board authorized the solicitation of proposals from firms interested in operating the Center; and

WHEREAS, three proposals were received in response to this solicitation; and

WHEREAS, following review, it has been determined that operation of the Center by Eastern Sports Management (ESM) is in the best interest of Stafford County; and

WHEREAS, terms of a lease between the County and ESM have been negotiated; and

WHEREAS, these terms ensure the facility will be operated in a manner that best serves the athletic and recreational needs of the residents of the County, and provide for high quality operation and maintenance of this recreational asset; and

WHEREAS, pursuant to Virginia Code § 15.2-1800(B), the Board held a public hearing on this conveyance of an interest in County-owned property; and

WHEREAS, the Board considered the recommendations of County staff, and the public testimony, if any, at the public hearing regarding the conveyance of this property; and

WHEREAS, the Board finds that this dedication secures and promotes the health, safety, and general welfare of the County and its citizens;

NOW, THEREFORE BE IT RESOLVED, by the Stafford County Board of Supervisors on this the day of , 2015, that the County Administrator is authorized to execute a lease with Eastern Sports Management for the operation of the Jeff Rouse Swim and Sport Center; and

BE IT FURTHER RESOLVED that the County Administrator is authorized to execute any documentation that he deems necessary or appropriate to execute this lease; and

AJR:kcd

PROPOSED

BOARD OF SUPERVISORS
COUNTY OF STAFFORD
STAFFORD, VIRGINIA

RESOLUTION

At a regular meeting of the Stafford County Board of Supervisors (the Board) held in the Board Chambers, George L. Gordon, Jr., Government Center, Stafford, Virginia, on the 3rd day of March, 2015:

MEMBERS:

Gary F. Snellings, Chairman
Laura A. Sellers, Vice Chairman
Meg Bohmke
Jack R. Cavalier
Paul V. Milde III
Cord A. Sterling
Robert "Bob" Thomas, Jr

VOTE:

On motion of , seconded by , which carried by a vote of , the following was adopted:

A RESOLUTION TO AUTHORIZE THE COUNTY ADMINISTRATOR TO ADVERTISE FOR A PUBLIC HEARING TO CONSIDER EXECUTION OF A LEASE FOR OPERATION OF THE JEFF ROUSE SWIM AND SPORT CENTER

WHEREAS, the board desires the Jeff Rouse Swim and Sport Center (Center) be operated privately; and

WHEREAS, the Board authorized the solicitation of proposals from firms interested in operating the Center; and

WHEREAS, three proposals were received in response to this solicitation; and

WHEREAS, following review, it has been determined that operation of the Center by Eastern Sports Management (ESM) is in the best interest of Stafford County; and

WHEREAS, terms of a lease between the County and ESM have been negotiated; and

WHEREAS, these terms ensure the facility will be operated in a manner that best serves the athletic and recreational needs of the residents of the County, and provide for high quality operation and maintenance of this recreational asset; and

WHEREAS, pursuant to Virginia Code § 15.2-1800(B), the Board must hold a public hearing on this conveyance of an interest in County-owned property; and

NOW, THEREFORE BE IT RESOLVED, by the Stafford County Board of Supervisors on this the 3rd day of March, 2015, that the County Administrator is authorized to advertise a public hearing to consider execution of a lease for operation of the Jeff Rouse Swim and Sport Center.; and

AJR:kcd