

## **LETTER AGREEMENT - NEW HARRIS COUNTY/HOUSTON STADIUM DEVELOPMENT**

**\_\_This letter agreement is entered into as of the 19th day of October, 1998. It is a binding agreement among the Parties set out below with respect to the development, construction, financing, use and occupancy of a new multi-purpose, retractable roof stadium with related parking and infrastructure to be developed in Houston, Harris County, Texas to provide a home facility for a new National Football League ("NFL") expansion franchise to be awarded to the NFL Club and a new home facility for HLSR as its primary tenants. The Parties acknowledge that this letter agreement will be submitted to the NFL in connection with the NFL Club's presentation to obtain a NFL expansion franchise for Houston.**

### **Parties**

**The Parties are Harris County, Texas (the "County"), the Harris County-Houston Sports Authority (the "Sports Authority"), Houston Livestock Show and Rodeo, Inc. ("HLSR") and Houston NFL Holdings, L.P. (the "NFL Club"). The City of Houston, Texas (the "City") and the Metropolitan Transit Authority of Harris County, Texas ("METRO") are also parties for the limited purpose of the sales tax rebate.**

### **Stadium**

**The Stadium will be constructed and maintained as a world-class, state-of-the-art, multipurpose sports and entertainment facility designed to support the occupancy of a NFL franchise by the NFL Club and HLSR's annual livestock show and rodeo, as well as to host other sporting events (such as Major League Soccer and Olympic events), family shows, concerts and similar entertainment and floor events (the "Stadium").**

### **Location**

**The Stadium will be located on land owned by the County at the Astrodomain Complex immediately adjacent to Kirby Drive on a mutually approved site consistent with the Astrodomain Complex Master Plan. The County will make available a portion of the County-owned 50-acre tract located at Kirby Drive and Murworth opposite the Astrodomain Complex for additional parking for the Astrodomain Complex and the NFL Club's practice fields. The NFL Club's practice fields will be located on a 9-10 acre portion of the 50-acre tract owned by the County. HLSR will make available (on an "as is, where is" basis) approximately 7 acres of land for the construction of additional parking facilities for use as part of the Astrodomain Complex.**

## **Preliminary Program and Plans**

**Subject to the approval of the Final Plans (described below) and the Project budget, the Project will be developed and constructed in accordance with the Facility Requirements Summary dated October 15, 1998 (the "Program") and the preliminary design plans dated October 15, 1998 (the "Preliminary Plans"). The Parties acknowledge that in the event the projected cost of the Stadium based upon further estimates and analysis exceeds \$310 million they will negotiate in good faith (consistent with the programmatic requirements of the NFL Club and HLSR) in an attempt to agree upon modifications to the Program and Preliminary Plans to keep the cost of the Stadium within the original budget.**

## **Final Approval**

**The final project scope, final program and final plans (the "Final Plans") for the Stadium, the NFL Club practice fields, the additional parking facilities and such related infrastructure as set out in the Final Plans (the "Project") will be subject to the approval of the Parties.**

## **Construction/Cost Overruns**

**The Stadium will be constructed by the County or the Sports Authority as its designee in accordance with the Final Plans pursuant to the approved Stadium budget. Construction of the Stadium will be based on a guaranteed maximum price contract, which contract will include substantial monetary liquidated damages payable to the Parties (as allocated in the definitive documents) by the contractor as a result of the contractor's failure to complete the Stadium by the agreed upon completion dates. Architect(s), construction contractor (s) and construction manager(s) will be selected for the Stadium and NFL Club's practice facility based upon selection criteria and standards to be set out in the definitive documents for the Stadium. Such selection criteria shall include the form and substance of their respective contracts. The definitive documents will address the rights of the Parties as to change orders and modifications to the Final Plans. Cost overruns generated by change orders shall be paid for by the party requesting the change order.**

## **Target Completion Date**

**The Project is targeted for completion by the NFL Club's 2002 pre-season. The Astrodome will be available for professional football use by the NFL Club prior to the completion of the Project, subject to the terms of HLSR's existing lease and provided that the NFL Club pays for staffing and utility expenses related to days that the NFL Club uses the facility.**

**The additional parking facilities are targeted for completion by the 2000 rodeo, subject to the provisions of the Astrodomain Complex Master Plan.**

## **Concessions**

**The County, the NFL Club and HLSR will jointly license concession rights to the Stadium, subject to certain concession rights excluded from such arrangements for HLSR's benefit and control as set out in the existing agreements governing HLSR's use of the Astrodomain Complex as the same are to be amended to conform to this letter agreement. All concession arrangements for HLSR events shall (i) exclude and give HLSR control of all entertainer merchandise and HLSR named and logo merchandise, but HLSR agrees that it will allow a permanent retail establishment in the Stadium to sell such merchandise on terms acceptable to HLSR and (ii) provide that HLSR and the County shall have the exclusive right with any concessionaire to set the pricing for food sales in the club and suite areas of the Stadium subject to reasonable deadlock resolution provisions in the event of a disagreement between the County and HLSR. Concession build-out will be reflected in the Final Plans and be included in the budget for the Stadium. Up-front concession payments as to the Stadium will be applied as follows: (i) first to the payment of concession build-out costs in excess of \$10,000,000; and (ii) any remaining amounts shall be divided equally between the County and the NFL Club, with one-half being paid to the County and the other one-half being credited against the NFL Club's obligation to pay for the costs of concession build-out; provided, however that the NFL Club's share of such up-front payments will not exceed \$5,000,000.00. The Parties acknowledge the existence of the current concession agreement for the Astrodomain Complex, and the definitive documents will provide that the Parties' rights are subject to the terms of such agreement to the extent applicable.**

## **Operations**

**The County or a third-party management company selected and retained by the County will operate the Project pursuant to the terms of Exhibit A attached hereto. The definitive documents will contain such additional terms regarding management and standards for management and maintenance and capital improvements as the County, HLSR and the NFL Club mutually agree. The Stadium will be operated, improved, maintained and remain in a first-class condition comparable to that of comparable facilities. Consistent with such standard, the Stadium will be operated in**

such a manner which is not detrimental to the use of the Stadium by the NFL Club or HLSR. The NFL Club shall be responsible for its events/games staffing and utility expenses and expenses and utilities relating to the NFL Club's use of the practice facility and the playing field, and janitorial staffing expenses relating to the NFL Club's offices, locker rooms, equipment rooms and training rooms and any other areas used exclusively by the NFL Club at the Stadium. HLSR shall be responsible for items required to be paid by HLSR as set out in the existing agreements for HLSR's use of the Astrodomain Complex as the same shall be amended to be consistent with this letter agreement. The NFL Club, HLSR and the Sports Authority will not be responsible for any other operating costs or for maintenance or capital repair expenses (except the funding of the capital repair reserve as provided in [Exhibit B](#)). The definitive documents will address the Parties' rights with regard to maintenance and service contracts.

### **Capital Repair & Replacement Fund**

The Parties have agreed to provide for a segregated and dedicated capital repair and replacement fund of \$2.5 million per year for the Stadium to be funded as provided in [Exhibit B](#). Capital expenditures shall include only those items relating to the Stadium that are considered of a capital nature in accordance with sound accounting standards or as otherwise specified in the definitive documents.

### **Stadium Budget**

The Stadium has a budget of \$310 million (exclusive of financing costs, capitalized interest and the cost of the NFL Club's and certain other FF&E). Based upon the Program and the Preliminary Plans, the Parties believe that the Stadium can be constructed for such cost and that such budget is adequate for such purpose. Any cost savings obtained during construction (if achieved without detriment to the requirements of the Final Plans) shall inure to the benefit of the County and the Sports Authority.

### **Financing**

The development and construction costs for the Stadium and other portions of the Project will be financed as set forth in [Exhibit B](#) attached hereto.

### **Chilled Water**

Consistent with the Astrodomain Complex Master Plan, the County, or a third party at the direction of the County, will provide chilled water to the Stadium at no obligation to the other Parties except as provided below. The NFL Club has agreed to purchase all utilities at mutually agreed market rates (to be defined in the definitive documents) for its

events/games (such rates to be unaffected by whether the company providing chilled water to the Stadium makes an up-front payment for such privilege).

### **Exclusive Use/Scheduling**

The NFL Club will have exclusive use (with first priority preferential scheduling) of the Stadium (with adequate parking) for all NFL-sanctioned games and the Stadium will not be used for any other professional football use. The NFL Club will also have use of the Stadium (with adequate parking) on five additional event days, subject to HLSR's priority scheduling rights, certain mutually agreed restrictions on usage for such days as set out in [Exhibit C](#) attached hereto and mutually agreeable scheduling procedures between the County and the NFL Club. The NFL Club will have exclusive year-round use of the NFL Club's offices and training facilities in the Stadium and the NFL Club's practice facility (subject to the County's use of such practice facility for youth programs on non-conflicting days), and reasonable free employee and guest parking.

HLSR will have exclusive livestock show and rodeo use (with first priority preferential scheduling) of the Stadium (with adequate parking) based on terms at least as favorable as those set out in the existing agreements granting HLSR the right to use the Astrodomain Complex as the same are to be amended to conform to this letter agreement. HLSR shall have the right to the exclusive use and occupancy of the Astrodomain Complex for HLSR's annual Rodeo event during the forty (40) day period ending no earlier than March 14 and no later than March 20 of each year. The Parties agree that no major concert event will be held in the Stadium or Astrodomain Complex other than those associated with HLSR, from December 1 through April 15, except for non-competitive concerts (as such term is to be mutually agreed between the County, NFL Club and HLSR) approved by HLSR, such approval not to be unreasonably withheld or delayed. HLSR will also have use of the Stadium (with adequate parking) for 18 additional consecutive event days for an annual late summer or fall festival, subject only to NFL-sanctioned games and the Super Bowl, but the initial setting of such festival shall be jointly agreed to by the County and HLSR. In connection with HLSR's administration of HLSR's events, HLSR agrees that it will cooperate with the County so as to maximize the availability of the Project to the County for bookings of other events in areas not needed by HLSR during such HLSR events at its discretion. HLSR will have year-round use of its offices in the Astrodomain Complex, including reasonable free employee and guest parking.

### **NFL Club's Long-Term Lease/Non-Relocation**

The NFL Club will enter into a long-term lease and an appropriate intangible property rights licensing agreement

(for NFL Club events/games) both expiring on the maturity date of the final bonds with mutually acceptable renewal rights and with provisions customary for transactions of this type and scope. The NFL Club will enter into an appropriate non-relocation agreement in order to provide an enforceable (including in a bankruptcy proceeding) prohibition against the relocation of the NFL Club's franchise during the lease term.

### **NFL Club's Payments**

The NFL Club will pay an annual guaranteed sum of \$4,010,000.00, subject to the terms set out in [Exhibit B](#).

### **NFL Club's Contributions**

The NFL Club will contribute \$45 million to the costs of the development and construction of the Stadium. The NFL Club will contribute \$5 million to the cost of the concession build-out for the Stadium.

### **PSL's**

The NFL Club has agreed to the encumbrance of the Stadium (for the NFL Club's events/games) with a personal seat license or some other form of license for seating at the NFL Club's events/games for certain of the Stadium's premium seating or general seating ("PSLs"). The Parties acknowledge that such encumbrance for PSLs will cause a reduction of the NFL Club's ticket prices. The NFL Club will sell, on behalf of the Sports Authority at the NFL Club's expense and risk, PSLs, as recommended by the marketing and tax consultants of the NFL Club. The NFL Club's obligations to contribute \$45 million to the cost of the development and construction of the Stadium and \$5 million to the costs of concession build-out for the Stadium shall be reduced (by credit or reimbursement) by any net PSL revenues received by the Sports Authority. To the extent the net revenues generated by the sale of PSLs exceeds \$50 million, the excess shall be used as directed by the NFL Club including applying the excess for its own obligations.

### **Ticket/Parking Tax or Surcharge**

The Parties have agreed to a ticket tax or surcharge of up to 10% of the ticket price paid (not to exceed \$2/ticket sold) and a parking tax or surcharge of up to \$1/car for NFL Club games/events and HLSR events in the Stadium building respectively, but no parking fee or surcharge will be imposed on any vehicles that enter the Astrodomain Complex pursuant to any provisions in the existing agreements giving HLSR the right to use the Astrodomain Complex that allow for "complementary" parking passes. The County has agreed to a ticket tax or surcharge of up to 10% of the ticket price paid (not to exceed \$2/ticket sold) for all non-NFL/HLSR events at



the Stadium building for which a ticket is sold. On all HLSR event tickets sold to events in the Stadium building priced less than \$20 per ticket, HLSR agrees to impose a surcharge in an amount that is sufficient to cause the total of such surcharge and the above ticket tax on any such tickets to equal \$2/ticket sold to HLSR events in the Stadium building. All amounts collected by HLSR as such surcharge shall be applied in accordance with [Exhibit B](#).

### **Sales Tax Rebate**

The Parties will attempt to secure a City and METRO sales tax rebate of 2% on all tickets for the NFL Club's events/games and all sales at the NFL Club's events/games and such funds shall be applied to finance the development and construction of the Project as set out in [Exhibit B](#).

### **NFL Club Facilities**

The NFL Club will pay for the furniture, fixtures and specified football equipment for the NFL Club's facilities in the Stadium and the construction costs of the NFL Club's practice facilities.

### **NFL Club Event/Game Revenues**

The NFL Club will receive (at the Stadium and, if used, to the extent applicable, the Astrodome) 100% of its event/game parking, concessions, merchandise, tickets, club seats, suites, and temporary advertising and any other event/game revenues and its practice field revenues, subject to the ticket and parking tax or surcharge at the Stadium described above and subject to the terms of [Exhibit D](#) regarding naming rights and signage/advertising.

### **HLSR Obligations**

HLSR will pay an annual sum of \$1,500,000.00 as rental under its lease and agrees to the ticket and parking taxes and surcharges as provided above.

### **HLSR Event Revenues**

HLSR will receive its event revenues consistent with the terms of HLSR's existing agreements for the use of the Astrodome Complex as the same are to be amended to conform to this letter agreement, subject to the ticket and parking tax or surcharge described above and subject to the terms of [Exhibit D](#) regarding naming rights and signage/advertising.

### **HLSR Lease**

HLSR's existing lease for the Astrodome Complex shall be amended to be consistent with the terms set forth herein. The

parties have agreed that, except to the extent required to conform to the terms of this letter agreement, the definitive and final documents shall not reduce or diminish the existing contractual rights or economic benefits currently accruing to HLSR or the County (or the County's predecessor) under existing agreements to which HLSR is a party or beneficiary and shall preserve the existing long-term historical relationship between HLSR and the County. The HLSR lease of the Astrodome Complex shall be amended to extend the term to the maturity date of the final bonds with mutually acceptable renewal terms and grant HLSR appropriate intangible property rights licenses for HLSR events during the term.

### **Naming/Advertising Rights**

The Parties have agreed to the allocation of all revenues derived from naming rights and signage/advertising for the Project as set forth on [Exhibit D](#) attached hereto.

### **Pourage and Branding**

Pourage and branding rights are set out in [Exhibit E](#) attached hereto.

### **Targeted Taxes**

The NFL Club and HLSR will not be responsible for any targeted taxes imposed by the County or the Sports Authority, other than the parking and ticket taxes or surcharges at the rates specified above and other than any sales and use tax imposed by the Sports Authority and/or the County uniformly throughout their respective jurisdictions; provided, however, if a targeted tax is imposed or the rates of the permitted ticket or parking taxes or surcharges are increased, the NFL Club and HLSR shall receive a credit against their obligations hereunder to the extent of the amount paid by each party, respectively, as a result of the targeted tax or rate increase.

### **Pre-Development Expenses**

The NFL Club and HLSR will be entitled to reimbursement or credit for all documented and reasonable architectural, engineering and consulting fees to the extent that such conform to, and fall within (unless otherwise agreed to by the Sports Authority), the final approved budget for the Stadium and are approved by the Sports Authority and the County and incurred or to be incurred by it in connection with items



utilized in the construction of the Stadium, with such reimbursement to be paid from the Stadium budget on the date that the final bonds for the financing of the Stadium are delivered.

### **Financial Condition**

The County and the Sports Authority reserve the right to review the financial condition of the NFL Club when the financing is in place for the NFL Club's acquisition of its franchise. The Parties acknowledge that the NFL Club's acquisition of a NFL franchise is subject to financing satisfactory to the NFL Club. The terms of the definitive documents will, accordingly, be subject to such lender's approval.

### **Olympics**

The Parties will use reasonable efforts to accommodate the use of the Stadium for the Olympic Games if awarded to Houston, Harris County, Texas. The Parties agree that the plans for the Stadium may be modified (subject to the prior right of the Parties to approve the Final Plans) in order to accommodate future additional seating in the facility for the Olympics and/or expansion, so long as the Sports Authority agrees to advance funding (not to exceed \$7.5 million) necessary to pay for the construction cost of such modifications and additions. The Parties agree that the NFL Club and HLSR leases will provide that any use or expansion of the Stadium for the Olympics will not, without the prior consent of the tenants, (i) unreasonably affect the terms of their use of the Stadium or their respective lease terms, (ii) unreasonably adversely affect the marketing or use of the Stadium for professional football or rodeo use or their operations therein, and (iii) cause the tenants to play or perform in another location. The Parties will work together in good faith on any scheduling matters relating to Olympic use, including, without limitation, working with the NFL on scheduling home games so as to accommodate the use of the Stadium for the Olympics.

### **Exclusivity/Definitive Agreements**

Until the earlier of January 30, 2000 or 90 days after the date that the NFL selects the NFL Club to receive an expansion franchise (the "Target Date") each of the Parties shall deal exclusively with the other in connection with the Stadium in an attempt to finalize the definitive documents, and neither the NFL Club, the County, the Sports Authority nor HLSR shall negotiate with any other person or entity in connection with the Stadium or the establishment or transfer of a professional football franchise (other than arena football in a venue other than the Stadium) to Houston, Texas. The Target Date may be extended for an additional 90 days if by the Target Date (i) the NFL Club has been selected (whether on a preliminary or final

basis) as the entity eligible to own an NFL franchise in Houston, (ii) the NFL has determined (whether on a preliminary or final basis) that an NFL franchise (either existing or new) will be relocated or awarded to Houston on terms acceptable to the NFL Club and (iii) the Parties are continuing, in good faith, to finalize the definitive documents. The obligations of the Parties in this paragraph shall be subject to (i) the NFL Club's continued good faith efforts to pursue (on terms acceptable to the NFL Club) a NFL franchise for Houston and the Project, (ii) the NFL Club's continued status as an entity considered by the NFL as eligible and desirable to own an NFL franchise in Houston and (iii) Robert C. McNair's (and not his successors, assigns or estate) continuing to control the NFL Club. If any of the foregoing events ceases to exist, the provisions of this paragraph shall not be binding on any Party and any Party shall have the right to terminate this letter agreement on written notice to the others.

### **Anti-Discrimination**

In accordance with applicable law, the Parties acknowledge that the appropriate definitive documents will include provisions to prohibit discrimination based on race, sex, religion, national or ethnic origin, age or disability.

### **Approval of Governing Bodies**

The Parties agree that their obligations under this letter agreement are subject to the approval of this letter agreement by their respective governing bodies and the requirements of applicable law, including all required certifications of funds.

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\_\_The Parties acknowledge that the above-described terms have been agreed to as the principal terms for the development, construction and use of the Project. The Parties agree to submit this letter agreement to their respective governing bodies for approval as expeditiously as possible to facilitate the timely development of the Project. Based upon this letter agreement, the Parties shall reasonably proceed with due diligence and in good faith to negotiate and enter into a definitive final agreement or a series of definitive and final agreements, which definitive agreement(s) shall be satisfactory to the Parties and any of such Parties' lenders and shall conform to the provisions of this letter agreement and provide for such other matters as are consistent with and customary for a transaction of this type. Notwithstanding anything herein to the contrary, all obligations and liabilities of the Parties under this letter agreement except for the obligations of the Parties set forth in the paragraph entitled Exclusivity/Definitive Agreements and in this paragraph are contingent upon the NFL Club's obtaining a NFL franchise and

the Parties entering into definitive documents as contemplated by this letter agreement.

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Dated October 19, 1998

IN WITNESS WHEREOF, the Parties have executed this letter agreement as of the date first set forth above.

**HARRIS COUNTY, TEXAS**

By: \_\_\_\_\_  
Robert Eckels, County Judge

**HARRIS COUNTY-HOUSTON SPORTS AUTHORITY**

By: \_\_\_\_\_  
Jack Rains, Chair

**HOUSTON LIVESTOCK SHOW AND RODEO, INC.**

By: \_\_\_\_\_  
Jim Bloodworth, President

**HOUSTON NFL HOLDINGS, L.P.**

By: Houston NFL Holdings, L.L.C., its general partner  
By: \_\_\_\_\_  
Robert C. McNair, President

I, Lee P. Brown, Mayor of the City of Houston, hereby acknowledge this letter agreement to evidence my support of the Project and commitment thereto and agree to the provisions set forth in the paragraph entitled "Sales Tax Rebate," subject to the approval of the City Council of the City.

Lee P. Brown, Mayor  
City of Houston, Texas

I, Robert Miller, Chairman of the Board of Directors of the Metropolitan Transit Authority of Harris County, Texas, hereby acknowledge this letter agreement to evidence my support of the Project and commitment thereto and agree to the provisions set forth in the paragraph entitled "Sales Tax Rebate," subject to the approval of the Board of Directors.

Robert Miller  
Chairman, Board of Directors  
Metropolitan Transit Authority of Harris County, Texas

## **Exhibit A--Management**

**The management entity and/or staff hired by the County will have:**

- 1. Nationally recognized expertise in the management and operation of public multi-purpose sports and entertainment and public assembly facilities;**
- 2. Experienced on-site personnel necessary to manage and operate such facility, all at the level consistent with other comparable facilities operated for comparable uses; and**
- 3. The financial ability to meet its obligations. These qualifications may be amended by the County, the NFL Club or HLSR at a later date.**

## **Exhibit B--Financing Plan**

### **1) Sports Authority's Undertaking**

**The Sports Authority shall use its best efforts to provide or cause to be provided financing for the Stadium payable both from and secured by the Sports Authority Revenues (as described below and targeted to generate \$195 million net of issuance costs and capitalized interest), Miscellaneous Revenues (as described below and targeted to generate \$65 million net of issuance cost and capitalized interest), and other available monies to provide \$260 million to pay a portion of the construction costs of the Stadium. Such targeted amounts will be increased or decreased and allocated in order to maximize the amount of money available for the construction of the Stadium. The Sports Authority has committed \$260 million net bond proceeds and no more to be raised from (i) the issuance of bonds payable from the Sports Authority Revenues, which are targeted to generate \$195 million net bond proceeds, (ii) the issuance of bonds payable from the Miscellaneous Revenues, which are targeted to generate \$65 million net bond proceeds, (iii) money to be contributed by the Sports Authority from Sports Authority Revenues prior to and/or during construction, and (iv) interest earnings on bond proceeds and PSL revenues and/or the NFL Club Contribution (as herein so called).**

### **2) Stadium Financing**

The Sports Authority's financing for the Stadium as described in Section 1, together with the \$50 million PSL revenues and/or NFL Club Contribution, is estimated to be sufficient to provide \$310 million of net construction dollars for the actual costs of the final construction budget for the Stadium. The Sports Authority's commitment does not include an obligation to pay any construction costs, including change orders other than those requested by the Sports Authority, in excess of \$310 million. The Sports Authority also has agreed to pay all costs of issuance and interest on the bonds during construction of the Stadium. The Sports Authority shall have the right to review and approve those portions of all material documents relating to the Stadium and Project which relate to the amount and the source of the funding of Miscellaneous Revenues as described herein and the dependability (as such term is to be addressed in the definitive documents to the mutual satisfaction of the Parties) of the Miscellaneous Revenues; provided that with respect to HLSR's obligation for the foregoing purposes, dependability of Miscellaneous Revenues will not include collateral or credit support for the payments set out in Section 3(iii)(D), (E) and (F), but HLSR's obligation to pay its annual rent of \$1,500,000 is a recourse obligation. To the extent that the final cost of the Stadium is less than \$310 million, the Sports Authority retains the right to reduce its commitment in an amount equal to the reduced amount. Such financing may be issued in one or more installments or issues, which may be tax-exempt or taxable, and the Miscellaneous Revenues will be allocated, pledged and secured in such manner as to optimize the financing. The financing program is predicated upon (i) no material increase in interest rates, (ii) all PSL revenues and/or the NFL Club Contribution being paid as provided in Section 4, (iii) contemporaneous issuance of all permanent bonds secured by Sports Authority Revenues and Miscellaneous Revenues and ratable expenditure of their proceeds, (iv) all interest earnings on bond proceeds and PSL revenues and/or the NFL Club Contribution being used by the Sports Authority to pay any interest expense and/or pay construction costs of the Stadium, (v) all of the Miscellaneous Revenues to be pledged for the financing and construction not being subject to prior liens or encumbrances and being secured by adequate guarantees (to the extent specified in Section 5) and excess coverage (to the extent specified below) to assure the Sports Authority that the bonds can be insured by MBIA or other AAA rated bond insurer, and assuring the Sports Authority that the bonds secured by the Miscellaneous Revenues can be sold, and (vi) satisfying MBIA (or other AAA rated bond insurer) that the Miscellaneous Revenues described in Section 3(iii) will dependably generate annually (a) \$4,782,000 plus (b) the amount of monetary coverage required by MBIA (or other AAA rated bond insurer) so that the Sports Authority can issue bonds secured in whole or in part by Miscellaneous Revenues which are insured by MBIA (or other AAA rated bond insurer). The Sports Authority shall pay, from its Sports Authority Revenues, bond proceeds and earnings thereon, all costs of

issuance and interest during construction on all bonds secured by Sports Authority Revenues. The Stadium has been, and will continue to be, designated by the Sports Authority as an approved venue project.

### 3) Available Revenues

Revenues available for the financing, construction, operation, maintenance and capital repairs of the Stadium ("Available Revenues") shall include the following:

1. **NFL Club Contribution.** The NFL Club's Contribution of \$50 million payable as provided in Section 4
2. **Sports Authority Revenues.** The Sport Authority's hotel occupancy taxes and short-term vehicle rental taxes, but only to provide the targeted amount of \$195 million net bond proceeds.
3. **Miscellaneous Revenues.** Miscellaneous Revenues consisting of the following which will generate (to the satisfaction of the Sports Authority) on an annual basis revenue of \$8,010,000:
  - a. NFL Club's annual guaranteed payment of \$1,050,000, plus any amounts actually required to be paid in Section 5 and less any amounts actually credited in Section 9;
  - b. Parking taxes and/or surcharges of \$1 per car for NFL Club events/games;
  - c. Amounts equal to sales taxes collected by the City of Houston and METRO and paid to the Sports Authority as a rebate for tickets, concessions and sales related to NFL Club events/games;
  - d. Ticket taxes of 10% per ticket for tickets sold for events/games in the Stadium building not to exceed \$2 per ticket for tickets sold for events/games in the Stadium building;
  - e. HLSR payments of (i) \$1,500,000 annual rental plus (ii) the amount collected by HLSR as the ticket surcharge on tickets for HLSR events in the Stadium building priced less than \$20 per ticket, as required by this letter agreement such ticket surcharge to be in an amount that is sufficient to cause the total of such ticket surcharge and such ticket tax to be equal to \$2 per ticket sold for HLSR events in the Stadium building; and
  - f. Parking taxes and/or surcharges of \$1 per car for HLSR events as provided in the letter agreement.
4. **Other Revenues.**
  - a. Money to be contributed by the Sports Authority from Sports Authority Revenues prior to and/or during construction; and
  - b. Interest earnings on bond proceeds and the PSL revenues and/or the NFL Club Contribution.

### 4) NFL Club Contribution



Subject to the provisions of the letter agreement relating to credit against or reimbursement to the NFL Club for the NFL Club Contribution from PSL revenues, the NFL Club will contribute (i) \$45 million to the cost of the development and construction of the Stadium to be deposited into the construction fund established under the bond documents, with 1/3 of the amount paid at the time the Sports Authority delivers its bonds to finance the Stadium, 1/3 paid at the time 1/3 of the bond proceeds have been spent, and 1/3 paid at the time 2/3 of the bond proceeds have been spent and (ii) \$5 million to the cost of the concession build-out for the Stadium, which \$5 million will be paid on a pro rata basis with the \$45 million contribution. The ability of the Sports Authority to provide financing for the Stadium is dependent on satisfying MBIA (or other AAA rated bond insurer) that the NFL Club Contribution will be paid when due. Bond proceeds and PSL revenues and/or the NFL Club Contribution will be expended on a pari-passu basis. For the purpose of this Exhibit B only, PSL revenues shall mean the PSL revenues in the amount of \$50 million which may be substituted for the NFL Club Contribution.

## 5) Guaranty and Payment of Miscellaneous Revenues

The NFL Club must guaranty (or cause to be guaranteed by third party guarantors or otherwise collateralized or give assurances, in a form acceptable to the Sports Authority, the NFL Club and its lender and MBIA or other AAA rated bond insurer) that the Miscellaneous Revenues described in Section 3(iii)(A), (B), (C) and (D) (attributable to NFL Club events/games), received by the Sports Authority shall be \$4,010,000 annually. The NFL Club payment of \$1,050,000 will be made on the first day of each lease year, with the first lease year beginning on the date the Stadium is completed and ready for occupancy assuming the timely completion and delivery of possession of the Stadium on the commencement of the 2002 NFL pre-season or as otherwise mutually agreed to in the definitive documents, and the remainder of the \$4,010,000 will be paid promptly following the end of the football season. HLSR agrees to pay (i) rent of \$1,500,000 at the beginning of each lease year, with the first lease year beginning on the date the Stadium is completed and ready for occupancy assuming the timely completion and delivery of possession of the Stadium on the commencement of the 2003 annual rodeo event or as otherwise mutually agreed to in the definitive documents, and (ii) the payment required by Section 3(iii)(E)(ii) on an estimated basis on April 15 of each lease year and adjusted by the following June 1, or such other mutually agreed upon dates. The Parties agree that no additional guaranty, collateral or revenues of the Parties, other than as required herein, shall be required to be given or pledged as part of the financing and/or operation and maintenance of the Stadium.

## **6) Flow of Funds**

**In order to provide coverage so as to optimize the financing, the Sports Authority will covenant in the bond indenture and financing documents to deposit any or all Miscellaneous Revenues into funds and accounts established in the indenture and make them subject to a "flow of funds" established in the indenture and other financing documents for such financing, generally to pay debt service and debt service reserves first, to fund capital reserves next and then fund payments to the County for operations, but with such variations as may be appropriate to optimize the amount of tax-exempt financing for the Stadium.**

## **7) Establishment of Capital Reserves**

**Solely from Miscellaneous Revenues, after paying all required current debt service requirements (including debt service reserve requirements), \$2.5 million annually shall be transferred out of the flow of funds into a segregated capital renewal and replacement fund that can be applied only to pay for capital repair or replacements to the Stadium, and such segregated fund will not be pledged or encumbered in any way. Interest earnings on the capital reserve fund shall remain a part of the capital reserve fund.**

## **8) Operating Expenses**

**After making all current payments described in Sections 6 and 7 above, but solely from Miscellaneous Revenues, the County shall be paid \$728,000 annually for the operation of the Stadium.**

## **9) Surplus Miscellaneous Revenues**

**To the extent Miscellaneous Revenues received by or on behalf of the Sports Authority described in Section 3(iii)(A), (B), (C) (based on the actual amount of the rebate received by the Sports Authority at a sales tax rate of 2%) and (D) (attributable to NFL Club events/games), exceeds \$4,010,000 in any year, such excess shall be credited against the NFL Club's obligations under Section 3(iii)(A) (before applying any credits under this Section 9) in either the current or following year, not to exceed a total credit of \$1,640,000 for any year. Otherwise, any surplus Miscellaneous Revenues shall be applied as determined by the Sports Authority as provided in the financing documents and consistent with the terms hereof.**

## **10) Additional Agreements**

**The Parties shall enter into all agreements reasonably**

necessary to enable the Parties to enjoy the rights and benefits contemplated herein that are not inconsistent with the indenture and other financing documents as described herein.

### **11) Other Agreements**

The Sports Authority reserves the right to enter into any other agreements with respect to the Stadium or the Available Revenues not inconsistent with the terms of the letter agreement in order to obtain and secure at the lowest reasonable cost any required financing and/or funding for the Stadium and so as not to impair its capacity to finance other projects.

### **12) Additional Bonds**

Without obligating the Sports Authority, it will give due consideration to the request of the NFL Club or HLSR for the issuance of additional bonds secured by Miscellaneous Revenues available after application in Section 8 to pay any portion of the Stadium or Project cost or future capital improvements to the Project, subject to such requesting party's agreement, in a form and on terms acceptable to the Sports Authority and the requesting party, to an increase to its obligation under Section 3(iii)(A) or (E), as applicable, in an amount sufficient to pay the debt service on, and to fund any required reserves of, such additional bonds which are insured by MBIA (or other AAA rated bond insurer) and to provide the coverage necessary to secure MBIA (or other AAA rated bond insurer) insurance on the bonds.

### **Exhibit C--Excluded Events**

Recognizing that The NFL Club's right to use the Stadium for additional events does not include usage of the Stadium for the Super Bowl or events such as the Olympics, Major League Soccer, the NCAA Final Four, College sports etc., which are not sponsored by the NFL Club or an affiliate thereof, the County and the NFL Club wish to set forth their intent with respect to the permitted uses of the Stadium by the NFL Club for additional events days specified in the letter agreement. Accordingly, the NFL Club or affiliate thereof may utilize the Stadium for any lawful purpose so long as (i) the purpose of such event is based upon to be agreed criteria between the County and the NFL Club and (ii) such event is sponsored by the NFL Club or an affiliate thereof and is not any of the following:

- i. any concert event other than (x) a concert in which the NFL Club or an affiliate thereof is promoting the event and is directly contracting with the entertainment; provided, however, that no major concert event will be held in the Stadium other than those associated with HLSR's rodeo from December 1 through April 15, except for non-competitive concerts (as such term is to be mutually agreed to between the County, the NFL Club and HLSR) approved by HLSR, such approval not to be unreasonably withheld or delayed, and (y) concerts or related activities held in association with NFL playoff games and/or Super Bowl festivities; and
- ii. specific events such as "dirt" events (e.g. tractor pull events, automobile or motorcycle events) and other events at the Stadium that recur from year to year or at regularly scheduled intervals.

The right to use the Stadium for additional events is not assignable by the NFL Club except to any successor owner of the NFL Club or any affiliate thereof. The County and the NFL Club shall meet periodically during the year to review the event schedule for the Stadium and review any proposed NFL Club events proposed to be scheduled by the NFL Club or its affiliate for the additional event days. The County and the NFL Club shall each act in good faith and in a cooperative manner in an effort to maximize the use of the Stadium for the benefit of the County or such days utilized by the County, and similarly to maximize the benefit to be derived by the NFL Club's use of its additional days. The County and the NFL Club shall, in reviewing the event schedule, attempt to create a fair and equitable opportunity for both the County with respect to its events and the NFL Club with respect to its additional days. The County and the NFL Club shall take into account any events of a seasonal or other regular recurring nature that are reasonably expected to be recurring events at the Stadium (including extra event days set by HLSR), such that those days, to the extent that the event will be expected to recur from year to year, or at regularly scheduled intervals, shall not be available for the NFL Club for use as additional days.

## **Exhibit D--Signage and Naming Rights Terms**

**1) All signage referred to will be inside the proposed new multipurpose sports and entertainment facility and adjacent plaza areas (the "Stadium") or permanently affixed to the exterior of the Stadium with the exception of the marquee, entrance and directional signage outlined in Sections 1.A and 1.C. For purposes of this Exhibit D, and no other purposes, the term "Parties" shall mean and be limited to the County, NFL**

## **Club and HLSR.**

### **A) Naming Rights Signage**

Recognition of the naming rights purchaser will be accorded wherever the building name would normally appear. This generally includes, but is not specifically limited to facility or parking lot entrances, directional signage to, or in, the Stadium building, permanent signage on each scoreboard, signage on the exterior of the stadium building, literature, ticket fronts, doormats, promotional materials, cups, napkins, trays, roof, informational signage and the Astrodomain grounds marquee or marquees ("Naming Rights"). The current Astrodome and Compaq Center will be used as prototypes for deciding what is "normal," so as not to substitute Naming Rights Signage for other Fixed Permanent, Temporary or Rotational Signage. Specifically excluded are all NFL Club or HLSR association, sponsorship or media rights. The design, presentation and appearance of the external signage attached to the Stadium shall be consistent with the general design, presentation and appearance of the Stadium as approved by the County, the NFL Club and HLSR. The Naming Rights package for such signage shall be mutually approved by the NFL Club and the HLSR. Naming Rights standards shall be pre-agreed to between the parties, the County not unreasonably withholding its approval, in order to protect the public image of the Stadium.

### **B) Fixed Rotational Signage**

The signs in the seating bowl and scoreboard area which are permanently affixed to the Stadium but have ad copy that can rotate during an event ("Rotational Signage").

### **C) Fixed Permanent Signage**

All remaining signage in or on the Stadium building that is permanently affixed to the Stadium building plus signage on the Astrodomain marquee or marquees referred to in Section 1.A ("Fixed Permanent Signage"). In the Stadium seating bowl this category is expected to be limited to signage that is not normally visible to television cameras, (i.e. cupholders, etc.), unless exceptions are mutually agreed upon between the NFL Club and HLSR. Outside of the seating bowl this is intended to be all concourse, marquee, level (gate, area, room, activity or similar entity) naming rights fees/signage and concession signage. Signage in

the Stadium bowl in this category may not rotate or change during an event. A web page for the Stadium (but not the County's, NFL Club's or the HLSR's own web pages) containing advertising, if any, shall be deemed to be Fixed Permanent Signage hereunder.

#### **D) Temporary Event Specific Signage**

Signage which is not permanently affixed to the Stadium and changes with each event ("Temporary Signage"). Examples include, but are not limited to, video commercials and other electronic display recognition, sponsored vignettes or kiosks, temporary banners, stage signage, chuck wagon signs and signage on event participants.

#### **E) Virtual Signage and Advertising**

In no event shall the benefits to be derived from the signage and advertising as outlined herein be diluted by any computer- or other-generated "virtual signage." Both the NFL Club and HLSR shall have the unrestricted right to grant "virtual signage rights" with respect to their respective sponsored games and events, but no other party, including, the County or any third party, shall have the right to grant "virtual signage rights" with respect to any event occurring at the Stadium to the extent that those rights would diminish or impair the rights, revenues or benefits otherwise to be derived by the parties hereunder.

#### **F) Barter/Trade Agreements**

In the event any equipment or service vendor, contractor or concessionaire accepts a trade of advertising, signage, or naming rights, or any other saleable service or right for the Stadium for equipment or services provided to or included in the Stadium or a contribution to Stadium Costs, the County, NFL Club and HLSR shall be entitled to receive their share of revenues from advertising signage, and naming rights, and all other saleable services or rights for the Stadium from the Party that received or benefited from such trade, whether through its designee or otherwise.

#### **G) Other Astrodomain Facilities**

Subject to the restrictions to be contained in the respective Leases for the NFL Club and HLSR regarding the right of the County to name the other facilities on the Astrodomain grounds, or the



**Astrodomain grounds themselves (i.e., to honor category exclusives ["Exclusive(s)"] in favor of the Stadium), the County will have the right to name any other facilities on the Astrodomain grounds, including the Astrodomain grounds themselves, and shall have the non-exclusive right, to utilize the Astrodomain grounds marquee(s) for informational purposes to identify the name of such other facilities and to identify and promote upcoming scheduled events at such other facilities. The marquee(s) shall not, however, be used by the County for commercial advertising purposes (i.e., advertising space shall not be sold or bartered on such marquee(s) by the County).**

## **H) Intangible Property License**

**The NFL Club and HLSR will enter into a license agreement with the Sports Authority and the County granting to the NFL Club and HLSR an intangible property license for the naming rights, advertising and signage rights for the Stadium, incorporating the terms and provisions hereof.**

**2) All Stadium Naming Rights revenues or fees, to include payments for signage, exclusivity rights and the Stadium's trademark and logo use, while excluding all other amenities, shall be allocated 83% to the NFL Club, 12% to HLSR, and 5% to the County. Any elements like amenities packages, suites, tickets, media, program ads, "official" status or similar items, collectively referred to as "benefits revenues," shall be allocated to the party (NFL Club or HLSR) that provides such benefits; provided, however, nothing herein shall permit either the NFL Club or HLSR to grant suite or long term parking rights as part of any such amenities for use during County sponsored (non-NFL Club or non-HLSR) events without the County's prior reasonable approval, or amenities during the HLSR Event which are inconsistent with HLSR's existing lease with the County, as it is to be amended. A floor value for the Naming Rights must mutually be established and agreed upon by the NFL Club and HLSR before marketing of Naming Rights begins. Any and all additional elements generating benefits revenues must be defined and assigned a specific value by the NFL Club and HLSR prior to inclusion on the Naming Rights package or no value may be assigned to the element. The County, or its designee, shall provide on a regular basis to the NFL Club and HLSR a schedule for ticket and parking prices applicable to non-NFL Club events and non-HLSR events, provided that such schedule of ticket and parking prices shall allow the collective marketing by the NFL Club and HLSR of Naming Rights and/or suites, club seats or other amenities in connection with non-NFL Club events and non-HLSR events, and such ticket and parking prices shall not exceed the reasonable and customary prices charged to the general public for such events. The NFL Club shall receive any bonus revenues that may be attributed to other NFL Club sponsored**

events and for Super Bowl or NFL Playoff games. HLSR shall receive any bonus revenues that may be attributed to HLSR events that are specifically outlined in the Naming Rights contract. The County, the NFL Club and HLSR shall evenly share (on a one-third basis each) any other bonuses specifically outlined in the contract that are unrelated to either organization such as the Olympics, Major League Soccer, NCAA Final Four (and other nationally recognized specifically sanctioned national NCAA play-off events), etc. The Naming Rights purchaser will be afforded category exclusivity within the Stadium as mutually agreed upon by the NFL Club and HLSR but that exclusivity will not extend to the rest of the Astrodome Complex during HLSR or County events unless a separate, mutually agreed upon fee to HLSR or the County, respectively, is negotiated with an assigned specific value. The County, or its designee, will, however, refrain from selling the Naming Rights to another facility on the Astrodome Complex, or the Astrodome Complex itself, to a sponsor in the same product category as the Naming Rights sponsor of the Stadium. The in-stadium category exclusivity will not preclude HLSR or the NFL Club from acknowledging its "Official Sponsors or Presenters" on the stadium video boards during rodeo or team performances. These acknowledgments will not include Fixed Permanent or Rotational Signage and they will not take the form of advertisements or commercials and will be mentions only.

3) Fixed Rotational Signage is the signage anticipated to be in the Stadium bowl on the facades between levels and on the scoreboards. Subject to paragraph 10, the County shall receive (a) the lesser of (i) 5% of all revenues received by the NFL Club from Fixed Rotational Signage or (ii) \$150,000 on an annual basis each year following the public opening event in the Stadium, adjusted as provided in paragraph 10 below, and (b) the lesser of (i) 5% of all revenues received by HLSR from Fixed Rotational Signage or (ii) \$150,000 on an annual basis each year following the public opening of the Stadium (adjusted in the same manner as adjusted for the NFL Club payment). The NFL Club and HLSR will sell their own Fixed Rotational Signage for their respective six (6) months seasons (defined below) or other specified/allocated events/dates and keep all remaining revenues. The County, the NFL Club and HLSR will cooperate with each other in an attempt to maximize their revenues through Exclusives and packaging but the NFL Club and HLSR shall be free to sell their own sponsorships incorporating the Fixed Rotational Signage element as they see fit. Each party, the NFL Club and HLSR, shall pay their own production costs, artwork installation costs, expenses, fees, etc. related to this signage. The NFL Club and HLSR anticipate changing non-exclusive rotational advertisers twice each year on August 1 (for football season), and February 1 (for Rodeo season), and on any additional dates each party (or their affiliates) may promote in the other party's time period.

4) Fixed Permanent Signage shall be allocated 47.5% to the

**NFL Club, 47.5% to HLSR and, subject to paragraph 10 hereof, 5% to the County. After the revenue from the County's allocable portion from Fixed Permanent and Rotational Signage exceeds the predetermined overall cap (as provided in paragraph 10 below), Fixed Permanent Signage shall be allocated 50% to the NFL Club and 50% to HLSR. Any elements like amenities packages, suites, tickets, media, program ads, "official" status or similar items, collectively referred to as "benefits revenues," shall be allocated to the party (the NFL Club or HLSR) that provides such benefits provided, however, nothing herein shall permit either the NFL Club or HLSR to grant suite or long term parking rights as part of any such amenities for use during County sponsored (non-NFL Club or non-HLSR) events without the County's prior reasonable approval, or amenities during the HLSR Event which are inconsistent with HLSR's existing lease with the County, as it is to be amended. A floor must be by mutually agreed upon and established by the NFL Club and HLSR for each sign, advertising or product right before that right can be marketed, with or without amenities, in a Fixed Permanent Signage package. Any and all additional elements generating benefits revenues must be defined and assigned a specific value by the NFL Club and HLSR prior to inclusion in any Fixed Permanent Signage package or no value may be assigned to the element; provided however, that the County, or its designee, shall provide on a regular basis to the NFL Club and HLSR a schedule for ticket and parking prices applicable to non-NFL Club events and non-HLSR events, and provided further that such schedule of ticket and parking prices shall allow the NFL Club and HLSR to market its Fixed Permanent Signage in connection therewith, and such ticket and parking prices shall not exceed the reasonable and customary prices charged to the general public for such events. The NFL Club shall receive any bonus revenues that may be attributed to other NFL Club sponsored events and for Super Bowl or NFL playoff games. HLSR shall receive any bonus revenues that may be attributed to future special HLSR events that are specifically outlined in a Fixed Permanent Signage contract. The NFL Club, HLSR and the County shall evenly share (on a one-third basis each) any other bonuses specifically outlined in the contract that are unrelated to either organization such as the Olympics, Major League Soccer, NCAA Final Four, etc.**

**5) Temporary Event Specific Signage, as defined above, will be sold by each party (the NFL Club or HLSR), or other tenants (which rights may be granted to such other tenants by the County or third party management) for their event(s), and each party will keep 100% of the revenue from their events. Any Exclusives sold by both the NFL Club and HLSR will be honored by all tenants and Stadium users (to include the County and/or third party management), as detailed below. Year-round video commercials sold by both the NFL Club and HLSR will be exhibited at all events, unless traditionally and historically banned at such events (i.e. no alcohol advertising at religious or NCAA events). Similarly, Fixed Rotational Signage appropriate to the specific six month football and six**

month Rodeo seasons will be exhibited at all events during such respective six month periods (or annually, as the case may be) unless traditionally and historically banned at such events (i.e., no alcohol advertising at religious or NCAA events).

The County will honor and, if applicable, will cause the third party management to honor and to cause all tenants at the Stadium to honor all advertising and signage Exclusives granted by the NFL Club and/or HLSR; provided, however, such other tenants utilizing the Stadium, from time to time, for their events shall be permitted to sell temporary advertising and promotions during their own events subject to the following conditions:

No advertising or signage may be affixed to any part of the Stadium or on any existing signage or advertising structures within or around the Stadium except that such tenants will be permitted to place advertising, in the case of sports team tenants (such as a Major League Soccer Team) on the playing turf and the goal posts (or, in the case of non-sport team events, on the stage or in the performance area) as well as temporary removable banners advertising certain products and/or services, so long as not in violation of an existing Exclusive previously granted by the NFL Club and/or HLSR in the Stadium.

Such permitted advertising for such tenants shall be permitted only during such tenants' events and not during other times in the Stadium.

In no event shall such tenants have the right to grant any Exclusive to advertisers or promoters which would in any way affect the ability of the NFL Club or HLSR to advertise or participate in promotions with any parties as the NFL Club and HLSR shall determine in their own absolute discretion.

The foregoing restrictions on signage and advertising with respect to tenants (other than the NFL Club and HLSR) shall not apply in the event that the Stadium is used for the Olympic Games or the Super Bowl or with respect to any nationally recognized special college-sanctioned event such as an NCAA play-off tournament held in the Stadium (collectively, "Special Users"), it being recognized and acknowledged that the Stadium may have to conform to the requirements of such Special Users with respect to certain signage and advertising in the Stadium during their events (e.g., the NCAA prohibits in seating area alcoholic beverage signs), including, potentially, the requirement that some of the Fixed Permanent and Rotational Signage within the seating area of the Stadium may be required to be covered, draped or otherwise blacked out during such events.

**6) All signage elements will be identified when the detailed construction plans are developed. Any sale of additional Fixed**

**Permanent or Rotational Signage in the Stadium must be mutually agreed to by the NFL Club and HLSR prior to sale.**

**7)As much of the Fixed Permanent and Rotational Signage production costs as possible will be incorporated into the Stadium project. When fulfillment must be incurred on Fixed Permanent and Rotational Signage, or Naming Rights signage, they will be subtracted from the total price of the package similar to the benefits revenue elements with the remainder being the amount subject to being split between the parties as provided herein.**

**8)When the NFL Club and HLSR produce the rate card on the signage, they will make their best efforts to outline a benefits package likely to be required to sell each signage package so that net proceeds from signage and related benefits may be projected by each of them prior to the actual sales effort. All shared categories will have a floor mutually agreed upon by the NFL Club and HLSR for each sign or marketed product below which the gross sales price of shared elements to be divided among the parties may not fall.**

**9)All elements of product and service provider rights (e.g. soft drink pourage, financial service/ATM services, "official candy provider," etc.) as well as exclusivity rights shall be determined and mutually agreed upon by the NFL Club and HLSR on a case-by-case basis and relate exclusively to the interior of the Stadium building or within the immediately adjacent ticket line area, as determined by mutual agreement of the NFL Club and HLSR, unless a to-be-negotiated premium with an assigned specific value for such ticket line area is paid to HLSR to compensate HLSR for the loss of potential non-exclusive advertisers included on those areas of the Astrodomain Complex for which HLSR has use or occupancy rights during its Event Days, or to the County to compensate the County for the loss of potential non-exclusive advertisers included on the rest of the Astrodomain Complex for events other than NFL Club events and HLSR events. The NFL Club and HLSR will not structure such product and service provider rights so as to negatively impact in any material respect the operating costs of the Stadium or quality of service. Neither the County, its designees, the NFL Club, nor HLSR shall attempt to "ambush" future Exclusives outside the Stadium. Any "official category or product" rights would apply only to the interior of the stadium building or within the immediately adjacent ticket line area, as determined by mutual agreement of the NFL Club and HLSR, and not to the NFL Club or HLSR. The NFL Club and HLSR each retains their separate rights as they pertain to "organizational" exclusivity (i.e. the "Official Truck of the Houston Livestock Show and Rodeo").**

**10) In return for receiving the allocable portion (capped as provided in paragraphs 3 and 4 above) of revenues from Fixed Permanent and Rotational Signage, the County shall agree to, or if applicable, the County shall cause the third party**



management to agree to:

- A) For purposes of calculating the County's share of revenues from Fixed Permanent and Rotational Signage any up-front payments shall be treated as if paid in equal annual amounts over the life of the contract to which such rights apply. An overall cap of \$300,000 in total revenues, excluding non-NFL and non-HLSR temporary sign and advertising rights, in any year of the agreement with the understanding that (i) when the revenue from the County's percentage exceeds the predetermined cap, additional revenues from Fixed Permanent Signage shall be allocated 50% to the NFL Club and 50% to HLSR, and (ii) when the share of revenues from Fixed Rotational Signage exceeds the respective maximum amounts allowed under paragraph 3 above that are allocable to the County, then such excess shall be allocable to either the NFL Club or the HLSR, as the case may be. The \$300,000 cap shall be adjusted annually (on the anniversary of the public opening event date) by the lesser of (a) 3% or (b) the Consumer Price Index (pursuant to customary formula). The \$150,000 cap referred to in paragraph 3 above shall likewise be increased annually by making a similar calculation;**
- B) Honor Exclusives and Naming Rights sold by both the NFL Club and HLSR in the Stadium and product category protection for the Naming Rights sponsor as well as in the Astrodome Complex (e.g., if the Stadium is named "Continental Airlines Stadium," then the County shall not name the Astrodome, or its replacement facility [or any other facility on the Astrodome Complex], the "Southwest Airlines Exhibit Hall");**
- C) Exhibit all Naming Rights, Fixed Permanent, Rotational, and Exclusive Temporary Video Signage at all Stadium events unless traditionally and historically banned at such events, (i.e. no alcohol advertising at religious or NCAA events);**
- D) Permit the sale of Temporary Signage at other tenants' events which does not conflict with the Exclusives;**
- E) Provide the existing and any new marquees to the NFL Club and HLSR for Permanent Signage (and permitting informational notices and the name of other Astrodome facilities thereon by the County, as provided above);**
- F) Not "ambush" or in any way devalue the Exclusive, Naming Rights, Permanent Fixed, Rotational or Temporary Signage rights or revenues, sponsorship, promotion, media or association rights or revenues held by the NFL Club and HLSR;**
- G) Refer to and require all tenants to refer to the Stadium by the name granted in the naming rights agreement.**



### **Exhibit E--Pourage and Branding**

**The NFL Club and HLSR shall retain all branding (including services, products and retail) and pourage rights to the Stadium and the NFL Club and HLSR shall have all branding (including services, products and temporary retail) and pourage rights for areas outside the perimeter walls of the Stadium during the NFL Club's events/games and during the rodeo and other HLSR events, respectively, except that with respect to the NFL Club's events/games, the NFL Club shall not have pourage or branding rights within other buildings on the Astrodomain Complex; provided, however, that such rights shall not be structured by the NFL Club or HLSR so as to negatively impact in any material respect the operating costs of the Stadium or quality of service. Without diminishing the rights granted to the NFL Club and HLSR in [Exhibit D](#) hereto, the relative rights of the County, the NFL Club and HLSR with respect to the leasing of permanent retail space in the Stadium will be addressed in the definitive documents.**