

**NONBINDING TERM SHEET  
BETWEEN  
CITY OF LAS VEGAS, CITY PARKWAY V, THE CORDISH COMPANIES, AND FINDLAY SPORTS AND  
ENTERTAINMENT, LLC**

This Nonbinding Term Sheet (“**Term Sheet**”) dated this \_\_\_\_ day of September, 2014 outlines the general terms, conditions, and assumptions upon which a newly formed entity that is indirectly owned and controlled by principals of The Cordish Companies and Findlay Sports and Entertainment, LLC (“**Developer**”) would privately finance, develop, and operate a new, state-of-the-art stadium (“**Stadium**”) designed to accommodate a Major League Soccer (“**MLS**”) team on City owned land located at Symphony Park in downtown Las Vegas (“**Project Site**”) with the assistance of the City of Las Vegas and City Parkway V, Inc., (an affiliate of the City), (collectively “**City**”). In this document, “Stadium” does not include any portion of the stadium described above that is financed with City funds described in Section 5a(v) below (“**City Financing**”), or if legally required or to the extent agreed to by the parties, 5a(iv) below; “stadium” includes both the Stadium and any portion of the stadium described above financed with such City Financing.

1. Assumptions

The following is a list of assumptions on which this Term Sheet is based:

- a. Except as expressly set forth herein, the Developer will 100% privately finance, through a combination of private debt and equity, the construction, maintenance, repair and operation of the Stadium. As a result, the Developer will have, subject to Bond Counsel review, legal ownership of the Stadium and will either be conveyed fee simple title to the real property on which the Stadium is located or be granted a long term ground lessee interest (with a nominal rental) in that real property.
- b. It is assumed that the City will be responsible for public infrastructure associated with the development of the Stadium and environmental remediation necessary for the Project Site (including providing Developer with a construction ready building pad), which in the aggregate shall not exceed \$14,000,000 (“**Infrastructure Cap**”). In addition to the Infrastructure Cap, and subject to the appropriation of funds, the City also will be responsible for specific, additional off-site, public infrastructure public items as follows: publicly owned streets and related infrastructure immediately adjacent to the Stadium site, such as sidewalks, curb, gutter, street lighting; a pedestrian bridge providing additional access to the Project Site (“**Additional Public Works Infrastructure**”).

As further described below, other than such public infrastructure and environmental remediation, the leasing or conveyance of the real property on

which the Stadium is located to Developer, providing the City Financing, and the Star bond proceeds, the City shall not be liable for any additional costs associated with the development or operation of the Stadium (“**Public Contribution**”).

c. The City shall be responsible for providing approximately thirteen (13) acres of land located in Symphony Park, as generally described in attachment A, in a condition and in a manner suitable for development, construction, and use of the Stadium, provided it does not exceed the Infrastructure Cap. The final site area will be set forth in the Ground Lease or Deed for the site.

d. The design, development, and construction of the Stadium shall be subject to the prior approval of the City, which shall not be unreasonably withheld or delayed. The City acknowledges that Developer will be required to provide completion guarantees for the development of the Stadium and meet certain construction deadlines prescribed by MLS. The parties acknowledge it is important for the Developer to control the development process and schedule, subject to the requirements of Chapter 338 of NRS applicable to the portion of the stadium financed with the City Financing or otherwise from the Public Contribution.

e. Developer and the City will enter into a ground lease agreement of the real property on which the Stadium is located (“Ground Lease”) with a total term, including options to extend, equal to ninety-nine (99) years from completion of the Stadium. The length of term and option agreements will be structured to minimize the tax burdens on the Stadium and its tenants. The Ground Lease shall specify the term and conditions of the option periods occurring after the 30<sup>th</sup> year of operation. The City and the Developer will explore structures to minimize the tax burdens on the Stadium and its tenants.

f. The Developer shall have the right to manage, or cause an affiliate to manage the Stadium. From time to time, the Developer shall have the right to engage a third (3<sup>rd</sup>) party stadium management company to perform the general management responsibilities associated with the Stadium (“Third Party Management Company”). In addition, Developer will not enter into a management agreement for the Stadium with a Third Party Management Company without the prior written approval of the City, which shall not be unreasonably withheld or delayed.

g. One of the primary goals of the City in the development of a Stadium is to secure a commitment from a professional soccer team playing in the MLS league. The City’s financial commitments will be dependent upon Developer or its affiliate securing an MLS team pursuant to operative agreements that do not change or negatively impact the Public Contribution or Developer contribution.

The MLS Team will be owned by a newly formed entity of The Cordish Companies and Findlay Sports and Entertainment, LLC.

h. The City and Developer will explore a plan to reduce or eliminate the levy of real estate taxes on the Stadium. The Developer's economic model for the Stadium and the MLS Team does not include the payment of real estate taxes. The Developer acknowledges that the City shall not bear any responsibility for payment of real estate taxes.

## 2. Project Description and Development

- a. The Las Vegas MLS stadium is anticipated to be initially a 19,000 to 24,000 seat stadium with approximately 34 suites, 1,000 premium seats, concession areas, team areas, restaurants, rest rooms, an artificial turf field with heat mitigation features, a shade feature and appropriate entry and exit pathways to be more fully defined during the design phase of the project. The stadium will be located in Symphony Park situated on Parcel D, Parcel F and a portion of Parcel E. The parties acknowledged that certain entitlements will be required, including revision of the Symphony Park Master Plan.
- b. Subject to funds available from the Infrastructure Cap, the parties acknowledge that environmental remediation and other infrastructure improvements will be required on the Project Site and adjacent to the site, including but not limited to: excavation; grading; compaction; new roads; striping; curb; gutter; sidewalks; storm drain; sewer; dry utilities; joint trench; landscaping; traffic signals; and, other site related improvements. The City's obligations for such infrastructure and remediation will be limited to funds available from the Infrastructure Cap and funds appropriated for the Additional Public Works Infrastructure.
- c. It is anticipated that construction will commence as soon as practical after the City and Developer have executed agreements in connection with the City Financing and Star Bonds, the closing of a New Market Tax Credit transaction (as specified in Section 5b hereinafter), the issuance of building permits, execution of the Lease (or deed conveyance) for the Stadium, and the award of an MLS team to the Developer. The parties' goal is to cause the stadium to be substantially completed by a date satisfactory to the MLS, City, and the Developer.
- d. Subject to Nevada law including Chapter 338 of NRS, the Architect and General Contractor for the Stadium will be selected by the Developer, with approval from the City, not to be unreasonably withheld. The Developer's obligation to provide a completion guarantee is contingent

upon its ability to control the design, schedule, and construction of the Stadium.

- e. The Parties acknowledge that Nevada prevailing wages will be applicable to the construction of the Stadium, and that the City's Employment Plan will also be applicable.
- f. The Developer intends to construct the Stadium using a Guaranteed Maximum Price contract from a general contractor. If applicable, the Developer will use the most efficient and effective procurement process permissible under applicable Nevada law, taking into account the City Financing of a portion of the stadium. Developer shall provide a Completion Guaranty for the project.

### 3. Future Development Parcels

Parcels D, E, F, O-1, and O-2 are required for the operation of the stadium. Improvements will be made on these parcels by Developer for uses associated with the Stadium. The improvements will be completed on or before the Stadium is open to the public. They will complement the fan experience; benefit the surrounding community and development projects. The initial improvements will include landscaping, fountains, and a VIP parking area. The improvements will be maintained to standards set by MLS and Developer. The Developer intends in the future to replace existing improvements with complimentary development uses. The specific rights for these parcels shall be contained in the Lease or Deed for the Stadium, including the potential of a longer term lease or fee ownership. These rights will be assignable to an affiliate of, and controlled by, the Developer. Notwithstanding the foregoing, in no event shall the Developer be permitted to build on Parcels D, E, F, O-1, and O-2 or any portion thereof a Live™ Entertainment District. This restriction shall be incorporated into the Lease or Deed for the property and shall run with the land.

### 4. Project Budget

The current estimated project budget including sources and uses of funds to complete the stadium project is included in Attachment B. The final stadium project budget shall be subject to approval by the Developer and the City.

### 5. Proposed Financing Plan

- a. The City and the Developer would proceed in connection with the financing, design, development, and construction of the Stadium ("Stadium Development") as follows, subject to applicable Nevada law:

- i. Any costs above the current budget for the purchase of the team, design, and construction of the Stadium (to the extent such overrun is not caused by the City) will be the responsibility of the Developer.
- ii. Developer will be responsible for overseeing the design and construction of the Stadium. The Lease or development agreement will provide the City with certain approval rights concerning the major issues associated the development of the Stadium. The City shall have the right to retain an "Owner's Representative" to represent the City during the construction of the Stadium. The primary responsibility of the Owner's Representative is to confirm, on a monthly basis, that the Stadium is being constructed pursuant to the plans agreed to by City and Developer, to review material change orders that would reduce or increase the scope of the Stadium, and to provide reports regarding the schedule of the Stadium construction to the City. The Developer and City shall mutually approve the scope of the Owner's Representative.
- iii. The Developer will be directly responsible for all costs, including cost overruns associated with the completion of the Stadium.
- iv. The Developer and/or the MLS Team are responsible for the following: 1) invest all equity (and the proceeds of private debt) necessary to complete the stadium, and 2) approximately \$102,000,000 toward the acquisition of the MLS team.
- v. The City will use good faith efforts to issue a City general obligation bond or City revenue bond, the net proceeds of which will be utilized to partially fund the development of the stadium (the "City Financing, as described above). The City will be responsible for payments of principal and interest on the City Financing from non-stadium sources. The City through the City Financing will use good faith efforts to generate \$46,000,000 in net proceeds for the stadium project, but in no event shall such net proceeds exceed \$50,000,000. In no event shall the City be responsible for issuing a general obligation bond or City revenue bond which requires more than a \$3,000,000 annual debt service payment from the City.
- vi. In consideration of the City Financing, The City will own and have use of various to be determined improvements related to the stadium which are funded by the City Financing. The City also will have use of the stadium for community events at no additional charge to the City, as shall be defined in the Lease or Deed for the Stadium. The Developer

and the City agree to negotiate for the uses of those improvements consistent with the purposes and uses of the stadium Project contemplated hereby.

- vii. The Developer will contribute the unencumbered balance of the Planning Fund, anticipated to be \$950,000 or more, to cover soft costs for the project after the execution of the development agreement. After the closing of all public and private financing (“Closing), the parties agree that City funds (other than the City Financing) will be disbursed first and Developer funds last in the construction of the Stadium. The Developer and the City will negotiate the timing of use of the City Financing, consistent with the timing of construction of the stadium improvements financed with the City Financing.
  - viii. Developer shall have the right to retain all revenue generated from the operation of the Stadium.
- b. City Involvement: The City’s involvement in financing the Stadium would be limited as follows:
- i. City Obligations - The City will pay the principal and interest on the City Financing, and will pay for public infrastructure at a cost of up to the City’s Infrastructure Cap and provide the Additional Public Works Infrastructure as provided in Section 1b above, and will lease or transfer the real property on which the Stadium is located, as provided above.
  - ii. Tourism Improvement District (TID) Star Bonds – Subject to any third party approval required by Nevada law, the City, with input from Developer, would create the TID under Nevada Law which will encompass the vicinity around the Project Site. The anticipated sales tax revenue to be generated is estimated at \$3,000,000 million annually. Subject to approval of an ordinance enacting the TID, the City will use good faith efforts to issue STAR bonds in the net amount, after issuance costs, of \$20,800,000. The parties acknowledge that third party approvals are required for the enactment of the TID. The TID described above is critical to the viability of the Stadium and a requirement of Closing
- c. New Market Tax Credit – The City and the Developer will use good faith efforts to solicit a qualified equity investment of federal New Market Tax Credits to the development of the Stadium in an amount sufficient to generate \$5,000,000 of net proceeds. The Developer’s equity contribution for the construction of the Stadium will be structured in such a way as to permit the generation of such NMTC proceeds, which shall be utilized to

partially pay for the construction of the Stadium. The City will use its best efforts to obtain an allocation of New Market Tax Credits in an amount sufficient to generate \$5 million in net proceeds for the project.

6. Operations of the Project

- a. The Developer or the Team will take responsibility for operating the Stadium or contracting with a third party operator. The City shall have approval rights in the selection of a third party operator. Such approval shall not be unreasonably withheld. The City shall have no obligation or liability in connection with the operation of the Stadium. The Developer will be responsible for the operating losses of the Stadium.
- b. It is agreed that the Stadium will be maintained at a level which is commensurate with the standards required by MLS and standards acceptable to the City.
- c. Subject to Nevada law, the City will make available parking in the City parking garage adjacent to Symphony Park and other City owned parking garages, at no cost to Developer, other than incremental costs associated with operating the parking during Developer's use, on terms acceptable to City and Developer. To the extent such surface parking is available and not already committed to third parties, the City will also make available to the Developer, at no cost to Developer, surface parking on other parcels of Symphony Park on an exclusive basis during Stadium events. The Developer shall have the right to charge Stadium patrons for parking and retain such revenue. If Developer requires additional parking for the Stadium, it will attempt to acquire same. The City will cooperate with these efforts.

7. Non-Relocation

The Parties agree that the MLS Team shall execute a covenant or agreement, enforceable by the City, not to relocate for a period of 30 years from completion of the Stadium and to play all home games in the Stadium, unless the City consents to such relocation or play at another site.

8. Expression of Interest

It is understood that this Term Sheet is intended to be and shall be construed only as summarizing the discussions and intentions of the parties to date. Notwithstanding anything to the contrary contained herein or elsewhere, this Term Sheet in no way constitutes a legally binding agreement upon City, Developer, or any other party and is for discussion purposes only and does not

in any way modify or change any existing agreements between the parties or their respective affiliates. All parties reserve the right, in their sole and absolute discretion, not to proceed with these preliminary discussions unless legally binding agreements are negotiated and executed by the parties. Any such agreements will require the discretionary approval of the City Council of Las Vegas, Nevada.

9. Procedure Going Forward

If this Term Sheet is agreeable to the City and the Developer, the parties will work together in drafting a proposed development agreement, which includes a detailed funding summary encompassing the terms of this Term Sheet in greater detail, including the terms of the proposed financing of the stadium, with the mutual goal of having the primary operative agreements submitted to the City Council for consideration at the City Council meeting scheduled on or before December 17, 2014("Approval Date"). Any such agreements will require the discretionary approval of the City Council of Las Vegas, Nevada and shall be subject to the approval of the Developer. Until such operative agreements have been executed and delivered by the City and the Developer, the City and the Developer each reserve the right, for any reason or no reason, to abandon efforts to finalize and execute such operative agreements.