



REPORT TO COUNCIL

City of Sacramento

915 I Street, Sacramento, CA 95814-2604
www.CityofSacramento.org

Consent
March 16, 2010

Honorable Mayor and
Members of the City Council

Title: World Masters Athletics Championships – Agreement and Loan Documents with Sacramento Region Sports Education Foundation, a California non-profit public benefit corporation (SRSEF).

Location/Council District: Citywide

Recommendation: Adopt a **Resolution:** 1) approving and authorizing the City Manager or his designee to execute an event agreement with SRSEF for the staging of a world class track and field event; 2) approving and authorizing the City Manager or his designee to execute a loan agreement with SRSEF in the amount of up to \$400,000 for event production; 3) accepting delivery of a promissory note by SRSEF in the amount of \$200,000; and, 4) authorizing the City Manager or his designee to accept delivery of a second promissory note by SRSEF in an amount not to exceed \$200,000.

Contact: John McCassey, Executive Director, Sacramento Sports Commission, (916) 808-2400

Presenters: None

Department: Sports Commission

Division: None

Organization No: 80001035

Description/Analysis

Issue: Through a competitive process, SRSEF has won the right to host the World Masters Athletics Championships (WMA) – track and field's premier international competition for athletes over 35 years of age. The event represents the first major U.S. hosted world championship of any kind in track and field for several decades and will attract athletes from over 81 countries.

Significant start-up costs are involved in hosting this event, although revenue will not be received until close to the event. SRSEF is not able to support the up-front negative cash flow. Staff recommends the City's Parking Fund (Fund 6004) loan the start-up costs, with interest, and also recommends SRSEF and the City enter into an agreement that establishes a two year repayment plan.

Policy Considerations: The City of Sacramento has a long history of supporting and investing in local cultural activities. Rather than requesting direct financial support, this report instead requests a short term bridge loan, to be fully repaid with the revenue generated by this event.

Environmental Considerations:

California Environmental Quality Act (CEQA): Under the CEQA guidelines, California Code of Regulations, title 14, section 15301, the proposed activities are categorically exempt from CEQA review.

Sustainability Considerations: Not applicable.

Other: Not applicable.

Commission/Committee Action: The Sacramento Sports Commission has reviewed and unanimously approved recommending the City and County of Sacramento loan up to \$600,000 to SRSEF to produce the WMA event.

Rationale for Recommendation: In 2007, the Sports Commission won the bid to host the 2011 World Masters Athletics (WMA) Championships. This international event will attract between 5,000 – 6,000 male and female athletes ranging from 35 years to 90+ years of age. These athletes will be accompanied by a conservative estimate of 1.5 guests per competitor, or another 7,500 visitors. These competitors will stay in Sacramento for an average of 12 days from July 6-17, 2011. SRSEF will contract for over 2,170 rooms per night, or a total of up to 24,000 room nights during the event. It is estimated that this event will rival the Olympic Trials in local economic benefit: conservatively \$23 - \$24 million.

Past WMA events have had the following number of competitors:

2001 (Brisbane, Australia)	5,800
2003 (San Juan, Puerto Rico)	4,800
2005 (San Sebastian, Spain)	5,600
2007 (Riccione, Italy)	9,000
2009 (Lahti, Finland)	5,300

The 2011 WMA Championships will be supported primarily from athlete registrations. SRSEF has created a budget for WMA which includes revenue projections based on 5,000 registrations and accurate costs and expenses based in large part on the experience of organizing and running two Olympic Trials, four NCAA Track and Field Championships, and a Jr. Olympics Track and Field Championship which featured 6,000 age group athletes. SRSEF has endeavored to minimize risks associated with the hosting of this event including procuring event insurance to protect against unplanned event cancelation.

Highlights of the event include:

- Continuing Sacramento's worldwide profile for attracting sporting events (AMGEN of California, U.S. Gymnastics National Championships, NCAA Women's Volleyball Championship finals, four NCAA Track and Field Championships, national Intercollegiate Rowing Association Championships, two Olympic Track and Field Trials, and many more);
- Creating packaging opportunities with local business, hotels, tour operators, and the Sacramento Convention and Visitors Bureau;
- Increasing new and repeat visitation of tourists – regional, national, and international;
- Providing an activity that is close by and can be shared as a family experience for locals and tourists;
- Providing a world-class event that many local and regional athletes can compete in; and
- Generating an anticipated 20,000 plus contracted hotel rooms resulting in approximately \$2.7 million in direct hotel revenue and \$332,000 in transient occupancy tax alone. In addition, factoring a conservative \$46 per day expenditure per person (Federal General Services Administration standard meal per diem rate) by the nearly 10,000 visitors over the 12 day stay should produce another \$5.5 million of direct spending in local restaurants and businesses.

Financial Considerations:

The estimated cost to stage this event is just under \$1.9 million, with total revenue generation of more than \$1.9 million, with a planned surplus of slightly more than \$49,000.

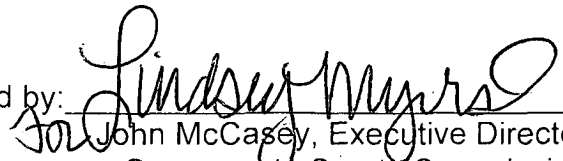
Details are on Attachment 2 (Financial Projections). SRSEF will incur costs well before the registration monies are received, creating a negative cash flow. It is imperative that SRSEF begin ramping up its staffing and marketing efforts now. However, SRSEF does not have the capacity to fund these costs. Staff is recommending that the City's Parking Fund (6004) partially finance the initial expenses with SRSEF and the City agreeing to a loan repayment schedule. The Parking Fund (6004) has the capacity to make this loan to SRSEF. The loan would be disbursed in two segments: one for \$200,000 in FY10 and another disbursement up to \$200,000 in FY11. The actual amount of the second disbursement will be based upon an analysis of updated cash flow requirements. Both disbursements will be contingent upon executing promissory notes for each. See Exhibit B (Loan Agreement) for details.

The City and County of Sacramento have previously invested \$25,000 each to secure the rights fee to this event. Further, the County Board of Supervisors will consider a loan of \$150,000 to SRSEF for this event in April/May 2010

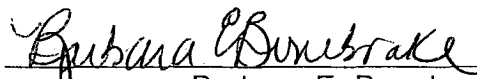
It is projected that the revenues are adequate to fully repay the loan in less than two years. Repayment will include principal and interest payments at the rate of four percent per annum. Further, an Event Agreement (Exhibit A) will be in place requiring monthly cash flow projections and financial statements that staff will use to monitor the funds.

Emerging Small Business Development (ESBD): No goods or services are being purchased as a result of the agreements.

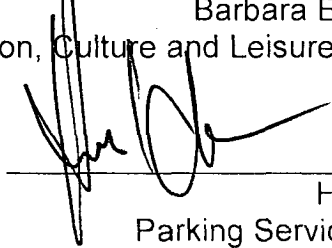
Respectfully Submitted by:


John McCassey, Executive Director
Sacramento Sports Commission

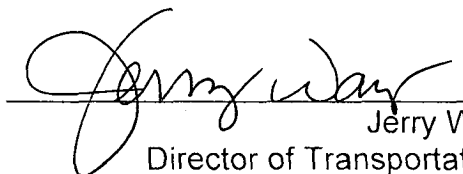
Respectfully Submitted by:


Barbara E. Bonebrake
Director of Convention, Culture and Leisure Department

Respectfully Submitted by:


Howard Chan
Parking Services Manager

Respectfully Submitted by:


Jerry Way
Director of Transportation

Recommendation Approved:

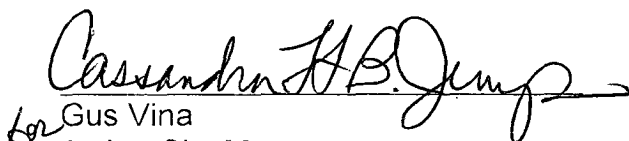

for Gus Vina
Acting City Manager

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Attachment 1**Background****Opportunities & Challenges**

In 2007, the Sacramento Sports Commission (SSC) won a hotly contested bid against other cities such as Porto Alegre, Brazil, to host the World Masters Athletics Championships (WMA) -- track and field's premier international competition for athletes over 35 years of age. This event represents the first major U.S. hosted world championship of any kind in track and field for several decades and will attract athletes from over 81 countries. The event will be managed by the Sacramento Region Sports Education Foundation (SRSEF). While the WMA event revenues are projected to be more than adequate to cover the expenses of hosting this top tier international competition, the majority of the revenues will not be received until 60-90 days before the event and well after most of the rigorous preparations for the event have been completed.

This international event will attract between 5,000 - 6,000 male and female athletes ranging from 35 years to 90+ years of age. These athletes will be accompanied by a conservative estimate of 1.5 guests per competitor, or another 7,500 visitors. These competitors and visitors will stay in Sacramento for an average of 12 days from July 6-17, 2011. SRSEF will contract a total of up to 24,000 room nights. It is estimated that this event has an economic benefit of \$23 - \$24 million to the Sacramento region based on conservative calculations using attendance, room nights and average visitor expenditures.

Revenue from the 2011 WMA Championships will be driven by registration fees paid by participants. SRSEF has created a budget for WMA based on its research and observations of prior WMA events. The budget includes low revenue projections and accurate costs and expenses based in large part on the experience of organizing and running two Olympic Trials, four NCAA Track and Field Championships, and a Jr. Olympics which had 6,000 athletes. This event is clearly within the scope of SRSEF's expertise and the budget projections appear to be sound.

Using the lower end of attendance figures from the past five WMA championships as a conservative benchmark, it is anticipated SRSEF will receive nearly \$1.1 million in the registration fees from the 5,000 plus athletes. However, these registration funds will not be wired to SRSEF until May of 2011 -- 10 weeks prior to the event.

SRSEF Line of Credit Request

SRSEF requests that the City Council provide a loan of up to \$400,000 for the 2011 World Masters Athletics Championship. In making this request, SRSEF wishes to assure the City that these funds will be secured against the registration money estimated to be \$1.1 million. Furthermore, the proposed loan from the City is identified in the budget shown in Attachment 2. Overall, the revenue projections are conservatively estimated at just over \$1.9 million, and expenses of just under \$1.9 million, including a \$120,000 contingency reserve, leaving a planned surplus of slightly more than \$49,000. The money will provide SRSEF a bridge loan to cover operational expenses incurred before revenues are collected.

Specifically, these funds will allow SRSEF the opportunity to reach contractual agreements with a myriad of suppliers and vendors including venues, transportation, on-line registrations, printers for marketing collateral, translators, advertising, website,

concessionaires, and merchandisers.

Investment Rationale

- The funds will allow SRSEF to host a significant sporting event attraction during the slower summer event season (July). The attached revenue projections done by the City's Treasurer's Office shows that direct hotel spending is estimated to be over \$2.7 million; City hotel tax revenue \$332,000; and sales tax on meals at 1% to be \$36,586 for a estimated tax revenue to the city of \$367,000.
- The estimated \$23 - \$24 million economic impact benefits the local region and its hotel, restaurant, and tourism industries.
- These funds will be secured against the estimated \$1.1 million in athlete registrations and could allow SRSEF to generate \$49,000 to \$170,000 in profit from the event, which will greatly enhance SRSEF's ability to continue to pursue top-notch sporting events for the Sacramento area.

2011 World Master Athletics Championships Revenue Projections

Hotel Revenue Projections

<u>Sac City Hotels</u>	<u>Rooms Blocked</u>
Best Western Sutter	691
Citizen Hotel	691
Clarion	691
Holiday Inn Express	799
Vagabond Old Town	691
Doubletree	2,865
Embassy Suites	1,055
Holiday Inn Capitol Plaza	3,940
Red Lion	565
Hilton	2,666
Comfort Inn & Suites	494
Fairfield Cal Expo	691
Radisson	1,516
Courtyard by Marriott Cal Expo	<u>1,035</u>
Total City Hotel Rooms Blocked	19,884
 Rate per Room	 \$ 139.00
 Hotel Tax	 12%
 Projected revenue from blocked rooms	 \$ 2,763,876.00
Projected hotel tax revenue	\$ 331,665.12

Meal Revenue Projections

Total Event Days	17
Total City Hotel Rooms Blocked	19,884
Project guests per day (assume double occupancy)	39,768
 Projected meals purchased within city/day ¹	 79,536
Projected total meals purchased during event	1,352,112
Projected amt spent on meals during event²	\$ 3,658,656
 Sales tax on meal purchases (1%)	 \$ 36,586.56

¹ assuming 2/3 of meals are purchased off-site

² using GSA per diem amts of Lunch-\$15 & Dinner-\$31 totaling \$46/per day per person.
Most hotels are providing breakfast or have kitchenettes available for guests to use.

Attachment 2

Event Financial Projections

	5,000 Entries	Jan-Mar 2010	Apr-Jun 2010	Jul-Sep 2010	Oct-Dec 2010	Jan-Mar 2011	Apr-Jun 2011	Jul-Sep 2011	Oct-Dec 2011
Income									
All registration fees	\$1,052,795	-	-	-	-	-	-	1,052,795	-
Dorm Housing Gross	\$261,468	-	-	-	-	65,367	196,101	-	-
Hotel Comm.	\$200,000	-	-	-	-	-	-	70,000	130,000
Sponsorships	\$180,000	30,000	-	-	-	150,000	-	-	-
Advertising	\$55,000	5,000	-	-	-	-	50,000	-	-
Sales	\$110,000	-	-	-	-	-	-	110,000	-
City/County Rights Fee Funding	\$50,000	50,000	-	-	-	-	-	-	-
SSC Bid Deposit	\$20,000	20,000	-	-	-	-	-	-	-
Total Income	\$1,929,263								
Cash flow IN		105,000	-	-	-	215,367	246,101	1,232,795	130,000
Expense									
Administration									
Employee Salaries & Taxes	\$257,549	6,885	41,163	50,534	48,784	41,794	43,504	24,886	-
Professional Fees	\$91,167	9,667	1,875	17,375	18,000	18,000	19,500	6,250	500
Data Processing	\$5,000	-	-	-	-	-	-	5,000	-
Postage and delivery	\$5,000	4,259	741	-	-	-	-	-	-
Insurance	\$3,000	-	-	-	-	3,000	-	-	-
Automobile expense	\$500	7	-	-	-	-	343	150	-
Miscellaneous	\$9,000	3,690	900	900	900	900	1,200	510	-
Office Supplies	\$1,000	247	-	-	-	300	300	153	-
Sales Tax	\$1,000	446	-	-	-	-	-	554	-
Total Administration	\$373,216								
Banquet/Ceremonies	\$100,000	-	-	-	-	-	42,500	57,500	-
Concessions	\$10,000	-	-	-	-	-	10,000	-	-
Facilities	\$179,000	-	25,000	-	-	-	22,500	131,500	-
Dorms & Hospitality	\$214,628	-	-	-	20,000	-	16,000	178,628	-
Marketing									
Promotional Events	\$82,176	-	-	-	-	-	-	-	-
Media Services	\$67,306	-	-	-	-	-	-	-	-
Printing	\$52,500	-	-	-	-	-	-	-	-
Advertising	\$40,000	-	-	-	-	-	-	-	-
Website	\$5,000	-	-	-	-	-	-	-	-
Total Marketing	\$236,982	79,482	36,500	19,500	4,500	58,500	32,500	4,500	1,500
Meet Management	\$261,000	-	-	-	-	-	161,000	100,000	-
Transportation	\$75,000	-	-	-	-	-	30,000	45,000	-
Volunteers	\$30,000	-	-	-	-	-	15,000	15,000	-
WMA									
Anti-doping fees (\$5/entrant)	\$25,000	-	-	-	-	-	-	25,000	-
2011 WMA Council Meeting	\$20,000	-	-	-	-	20,000	-	-	-
2011 Championship Contractual (o/s only)	\$165,000	50,000	-	-	-	-	50,000	65,000	-
Refundable Performance Bond (9.)	\$20,000	20,000	-	-	-	-	-	-	-
Total WMA	\$230,000								
Return SSC Bid Deposit	\$20,000	-	-	-	-	-	-	20,000	-
Interest	\$31,000	-	-	-	-	-	-	31,000	-
Contingency	\$119,000	-	-	-	-	-	-	119,000	-
Total Expense	\$1,879,827								
Cash OUT		174,682	106,179	88,309	92,184	142,494	444,347	826,631	2,000

Planned surplus

\$49,437

NET CASH FLOW (out/in)	(69,682)	(106,179)	(88,309)	(92,184)	72,873	(198,246)	403,164	128,000
Cumulative cash flow--no city/county funding	(69,682)	(175,861)	(264,170)	(356,354)	(283,481)	(481,727)	(78,563)	49,437
City loan proceeds (payment)	200,000	-	-	200,000	-	-	(300,000)	(100,000)
County loan proceeds (payment)	-	-	150,000	-	-	-	-	(150,000)
Cumulative cash flow with city/county funding	<u>\$130,318</u>	<u>\$24,139</u>	<u>\$85,830</u>	<u>\$193,646</u>	<u>\$266,519</u>	<u>\$68,273</u>	<u>\$171,437</u>	<u>\$49,437</u>

Attachment 3

RESOLUTION NO. 2010-

Adopted by the Sacramento City Council

March 16, 2010

**WORLD MASTERS ATHLETICS CHAMPIONSHIPS – AGREEMENT AND LOAN
DOCUMENTS WITH SACRAMENTO REGION SPORTS EDUCATION FOUNDATION
(SRSEF)**

BACKGROUND

- A. The Sacramento Region Sports Education Foundation (SRSEF) is host to the World Masters Athletics Championship (WMA), track and field's premier international competition for athletes over 35 years of age.
- B. The event represents the first major U.S. hosted world championship of any kind in track and field for several decades and will attract 5,000 – 6,000 athletes from over 81 countries and another 7,500 visitors.
- C. Significant start-up costs are involved in hosting this event, although revenue will not be received until close to the event. SRSEF is not able to support the up-front negative cash flow. A bridge loan from the City's Parking Fund (6004) will finance the start up costs and SRSEF and the City will enter into a loan agreement (Exhibit B) to establish a repayment plan.
- D. The loan amount is up to \$400,000, to be repaid over approximately two years using a 4 percent interest rate.
- E. The event will operate under the auspices of SRSEF and under an Event Agreement (Exhibit A).

**BASED ON THE FACTS SET FORTH IN THE BACKGROUND, THE CITY COUNCIL
RESOLVES AS FOLLOWS:**

- Section 1. The event agreement with the Sacramento Region Sports Education Foundation for the operation of World Masters Athletics Championships event is approved, and the City Manager or his designee is authorized to execute the agreement.
- Section 2. The loan agreement with the Sacramento Region Sports Education Foundation in the amount of up to \$400,000 for the funding of start-up costs associated with hosting the World Masters Athletics Championships event is approved, and the City Manager or his designee is authorized to execute the

agreement.

Section 3. Delivery of a promissory note by the Sacramento Region Sports Education Foundation in the amount of \$200,000 is accepted.

Section 4. The City Manager or his designee is authorized to accept delivery of the second promissory note by the Sacramento Region Sports Education Foundation in an amount not to exceed \$200,000.

Section 5. Exhibits A, B and C are part of this Resolution.

Attachments:

Exhibit A	Event Agreement
Exhibit B	Loan Agreement
Exhibit C	Promissory Note for \$200,000

Exhibit A

**AGREEMENT BETWEEN THE CITY OF SACRAMENTO AND
THE SACRAMENTO REGION SPORTS EDUCATION FOUNDATION FOR THE
PRESENTATION OF THE WORLD MASTERS ATHLETICS CHAMPIONSHIPS
EVENT IN SACRAMENTO, CALIFORNIA**

This "Agreement", by and between the City of Sacramento ("City") and the Sacramento Region Sports Education Foundation, a California non-profit public benefit corporation, ("SRSEF") is made as of _____, 2010. SRSEF and City may be referred to in the singular as "Party" or collectively as "Parties", as the context requires.

RECITALS

- A. SRSEF has won the right to host the World Masters Athletics Championships (WMA) – track and field's premier international competition for athletes over 35 years of age. The event represents the first major U.S. hosted world championship of any kind in track and field for several decades and will attract athletes from over 81 countries.
- B. The WMA is projected to provide financial, cultural, and recreational benefits to both the citizens of Sacramento and to the visitors drawn by the event.
- C. In addition to the benefits described above, this event will continue to heighten the national and international prestige and renown of the City of Sacramento.
- D. The City of Sacramento and the SRSEF desire to offer this event.

NOW, THEREFORE, based on the facts set forth in the foregoing recitals, the City and SRSEF agree as follows:

- 1. **TERM.** This Agreement shall be effective as of the date it is made above and shall terminate on October 31, 2011 ("Term"), unless sooner terminated as provided herein.
- 2. **EVENT.** SRSEF agrees to present the World Masters Athletics Championships event ("Event"), and further agrees to:
 - A. Fund and pay for all costs associated with the Event;
 - B. Present the Event in Sacramento from July 6 through 17, 2011;
 - C. Execute and manage all contracts related to the Event;
 - D. Present the Event in compliance with the requirements of the Americans with Disabilities Act of 1990, as amended, 42 U.S.C. §§ 12101 et seq.
- 3. **CITY LOAN.** City agrees to loan SRSEF up to four-hundred thousand dollars (\$400,000.00), subject to the terms and conditions set forth in the "Loan Agreement" attached hereto as Exhibit A and incorporated herein as though set forth in full.

4. **NOTICES.** Notices to the Parties as provided by this Agreement shall be given by United States mail, postage prepaid as follows:

To City:

Convention, Culture and
Leisure Department
1030 15th Street, Suite 250
Sacramento, CA 95814
Attn: Barbara E. Bonebrake

To SRSEF:

Sacramento Region Sports
Education Foundation
1030 15th Street, Suite 200
Sacramento, CA 95814
Attn: John McCasey

5. **INSURANCE REQUIREMENTS.** During the entire term of this Agreement, SRSEF shall maintain the insurance coverage described in this Section 5. It is understood and agreed by the SRSEF that its liability to the City shall not in any way be limited to or affected by the amount of insurance coverage required or carried by the SRSEF in connection with this Agreement.

- A. Minimum Scope & Limits of Insurance Coverage. SRSEF shall maintain commercial general liability insurance, providing coverage at least as broad as ISO CGL Form 0001 on an occurrence basis for bodily injury, including death, of one or more persons, property damage and personal injury, with limits of not less than one million dollars (\$1,000,000) per occurrence. The policy shall provide contractual liability and products and completed operations coverage for the term of the policy.
- B. City as Additional Insured. The City, its officials, employees and volunteers shall be covered by policy terms or endorsement as additional insureds as respects general liability arising out of activities performed by or on behalf of SRSEF, products and completed operations of SRSEF, and premises owned, leased or used by SRSEF.
- C. Acceptability of Insurance. Insurance shall be placed with insurers with a Bests' rating of not less than A:V. Self-insured retentions, policy terms or other variations that do not comply with the requirements of this Section 5 must be declared to and approved by the City's Risk Management Division in writing prior to execution of this Agreement.
- D. Other Insurance Provisions. The policy is to contain, or be endorsed to contain, the following provisions:
- (1) SRSEF's insurance coverage shall be primary insurance as respects City, its officials, employees and volunteers. Any insurance or self-insurance maintained by City, its officials, employees or volunteers shall be in excess of SRSEF's insurance and shall not contribute with it.
- (2) Any failure to comply with reporting provisions of the policies shall not affect coverage provided to City, its officials, employees or volunteers.

(3) Coverage shall state that SRSEF's insurance shall apply separately to each insured against whom claim is made or suit is brought, except with respect to the limits of the insurer's liability.

(4) City will be provided with ten (10) days written notice of cancellation or material change in the policy language or terms.

E. Verification of Coverage.

(1) SRSEF shall furnish City with certificates and required endorsements evidencing the insurance required. The certificates and endorsements shall be forwarded to the City representative named in Section 4. Copies of policies shall be delivered to the City on demand. Certificates of insurance shall be signed by an authorized representative of the insurance carrier.

(2) The City may withdraw its offer of contract or cancel this Agreement if the certificates of insurance and endorsements required have not been provided prior to execution of this Agreement. The City may cancel the Agreement if the insurance is canceled or SRSEF otherwise ceases to be insured as required herein.

6. **INDEMNITY:** SRSEF shall defend, hold harmless and indemnify City, its officers and employees, and each and every one of them, from and against any and all actions, damages, costs, liabilities, claims, demands, losses, judgments, penalties, costs and expenses of every type and description, including, but not limited to, any fees and/or costs reasonably incurred by City's staff attorneys or outside attorneys and any fees and expenses incurred in enforcing this provision (hereafter collectively referred to as "Liabilities"), including but not limited to Liabilities arising from personal injury or death, damage to personal, real or intellectual property or the environment, contractual or other economic damages, or regulatory penalties, arising out of or in any way connected with the performance of or failure to perform this Agreement by SRSEF, any sub-consultant, subcontractor or agent, anyone directly or indirectly employed by any of them or anyone for whose acts any of them may be liable, whether or not (i) such Liabilities are caused in part by a party indemnified hereunder or (ii) such Liabilities are litigated, settled or reduced to judgment; provided that the foregoing indemnity does not apply to liability for any damage or expense for death or bodily injury to persons or damage to property to the extent arising from the sole negligence or willful misconduct of City, its agents, servants, or independent contractors who are directly responsible to City, except when such agents, servants, or independent contractors are under the direct supervision and control of SRSEF.

7. **OBLIGATION TO DEFEND:** SRSEF shall, upon City's request, defend at SRSEF's sole cost, any action, claim, suit, cause of action or portion thereof which asserts or alleges Liabilities to the extent such Liabilities are caused by or result from any negligent act or omission or willful misconduct of SRSEF, its sub-consultants, subcontractors or agents, or their respective officers and employees, in connection with the Event, whether such action, claim, suit, cause of action or portion thereof is

well founded or not.

8. **NONDISCRIMINATION.** In conducting the Event, employing personnel, or in any other respect of this Agreement, SRSEF shall not employ discriminatory practices on the basis of race, color, sex, age, religion, sexual orientation, national origin or ancestry, or physical or mental disability.
9. **ACCOUNTING RECORDS OF SRSEF.** During the term of this Agreement and for a period of three (3) years thereafter, SRSEF shall maintain all accounting and financial records related to this Agreement, including, but not limited to, records of SRSEF's revenues and expenses related to the Event in accordance with generally accepted accounting principles, and shall keep and make such records available for inspection and audit by representatives of the City.
10. **REPORTING.** During the term of this Agreement, SRSEF shall provide to the City monthly financial reports for the Event prepared in accordance with generally accepted accounting principles that include a balance sheet and a detail of gross revenues and expenses and operating income by month. The reports shall be provided to the City not later than the 15th of each month for the preceding month's activities. Not later than sixty (60) days following the expiration or sooner termination of this Agreement, SRSEF shall provide to the City final financial reports for the Event prepared in accordance with generally accepted accounting principles and statistics related to the Event, including the number of Event attendees, hotel room rentals, economic impacts to the region, and any other such information requested by the City.
11. **POSSESSORY INTEREST TAX:** This Agreement may create a possessory interest subject to property taxation. Licensee shall be subject to payment of property taxes levied on the possessory interest by the County of Sacramento. State law requires a public entity renting or leasing its property to a private party to notify the private party about the potential tax. If imposed, the interest tax is equal to 1% of the assessed value.
12. **NO JOINT VENTURE:** This Agreement shall not create between the Parties a joint venture, partnership, or any other relationship of association.
13. **NO GRANT OF AGENCY:** Except as the Parties may specify in writing, neither Party shall have authority, express or implied, to act on behalf of the other Party in any capacity whatsoever as an agent. Neither Party shall have any authority, express or implied, pursuant to this Agreement, to bind the other Party to any obligation whatsoever.
14. **LICENSES & PERMITS:** SRSEF represents and warrants to City that SRSEF shall, at its sole cost and expense, keep in effect or obtain at all times during the term of this Agreement any applicable licenses, permits, or approvals that are legally required for SRSEF to perform its obligations under this Agreement.

15. **ASSIGNMENT PROHIBITED:** No Party to this Agreement may assign any right or obligation pursuant to this Agreement. Any attempted or purported assignment of any right or obligation pursuant to this Agreement shall be void and of no effect.
16. **DEFAULT AND TERMINATION:**
- A. The following events shall be "Events of Default" under this Agreement:
1. The failure of SRSEF to pay any amounts owed under the Loan Agreement when due.
 2. The failure of SRSEF to offer or present the Event as required by this Agreement, unless such performance is made impossible through no fault of SRSEF.
 3. The failure of SRSEF to keep, perform, or observe any promise, covenant, condition, or agreement set forth in this Agreement on its part to be so kept, performed, or observed within ten (10) days or such lesser time as may be reasonable after receipt of written notice of default from the City.
 4. The abandonment or discontinuance of the Event by SRSEF without the written consent of the City.
- B. Upon the occurrence of any one or more of the "Events of Default," the City shall have the right to terminate this Agreement. Upon such termination, any amounts owed to the City under the Loan Agreement shall be accelerated and become immediately due and payable without further notice or demand. Election by the City to terminate this Agreement shall not prejudice any rights or claims the City may have for sums remaining due it or for damages or pursuing such other remedies as may be available to the City by law or equity, all remedies of the City to be cumulative and not alternative.
17. **WAIVER.** Neither City acceptance of any service performed by SRSEF, nor any waiver of any default, breach or condition precedent, shall be construed as a waiver of any provision of this Agreement, nor as a waiver of any other default, breach or condition precedent or any other right hereunder.
18. **ENFORCEMENT OF AGREEMENT.** This Agreement shall be governed, construed and enforced in accordance with the laws of the State of California. Venue of any litigation arising out of or connected with this Agreement shall lie exclusively in the state trial court or Federal District Court located in Sacramento County in the State of California, and the Parties consent to jurisdiction over their persons and over the subject matter of any such litigation in such courts, and consent to service of process issued by such courts.

19. **ENTIRE AGREEMENT.** This document contains the entire agreement between the Parties concerning the Event and supersedes whatever oral or written understanding they may have had prior to the execution of this Agreement. No alteration to the terms of this Agreement shall be valid unless approved in writing by SRSEF and by City, in accordance with applicable provisions of the Sacramento Municipal Code.
20. **SUCCESSORS.** This Agreement shall bind the successors of City and SRSEF in the same manner as if they were expressly named.
21. **AUTHORITY.** The person signing this Agreement for SRSEF hereby represents and warrants that he/she is fully authorized to sign this Agreement on behalf of SRSEF and to bind SRSEF to the performance of its obligations hereunder.

IN WITNESS WHEREOF, the Parties hereto have executed this Agreement as of the date first above written.

CITY OF SACRAMENTO
Municipal Corporation

SACRAMENTO REGION SPORTS
EDUCATION FOUNDATION, a non-
profit corporation

For: Gus Vina
Acting City Manager

Chairperson

ATTEST:

APPROVED AS TO FORM

City Clerk

Sr. Deputy City Attorney

Exhibit B

**LOAN AGREEMENT BETWEEN THE CITY OF SACRAMENTO AND THE
SACRAMENTO REGION SPORTS EDUCATION FOUNDATION**

This loan agreement ("Loan Agreement") by and between the **Sacramento Region Sports Education Foundation**, a California non-profit public benefit corporation ("SRSEF" or "Borrower") and the **City of Sacramento** ("City" or "Lender"), is made as of _____, 2010.

Recitals

- A. The SRSEF desires to organize and present the World Masters Athletics Championships event in Sacramento from July 6 through July 17, 2011 ("Event").
- B. The SRSEF and City intend to enter into an agreement which will set forth the various duties, commitments and tasks each party is to perform in order to present the Event ("Event Agreement").
- C. The City would like to make a loan to SRSEF to assist in the initial start up costs associated with presenting the Event.
- D. The parties intend to execute the Event Agreement concurrently with the execution of this Loan Agreement.
- E. The City and SRSEF now desire to enter into this Loan Agreement and to be bound by the terms and conditions stated herein.

NOW, THEREFORE, based on the facts set forth in the foregoing recitals, the City and SRSEF agree as follows:

Article 1. Definitions

- 1. "Obligations" means all liabilities and obligations of the Borrower to Lender of every kind and description, direct, absolute or contingent, due or to become due, whether now existing or hereafter executed and delivered by Borrower to Lender or under any agreement between Borrower and Lender or by operation of law, whether or not evidenced by any written agreement, document, or promissory note or other instrument, including duties to perform acts and refrain from taking action as well as obligations to pay money.
- 2. "Loan Balance" means the then-outstanding amount of Borrower's indebtedness to Lender incurred pursuant to this Loan Agreement.

Article 2. Loan

1. Loan. The City agrees to lend the sum of up to four-hundred thousand dollars (\$400,000.00) to Borrower ("Loan Amount"), which amount shall be repaid in the manner and subject to the terms of this Loan Agreement. The Loan Amount will be disbursed by City to Borrower as follows: \$200,000.00 will be disbursed on or before April 1, 2010, and up to \$200,000.00 will be disbursed on or before January 1, 2011. Borrower agrees to execute and deliver to City two promissory notes ("Note" or "Notes") payable to City; one in the amount of \$200,000.00 and one in an amount up to \$200,000.00, each in the form of Exhibit A hereto. City's obligation to make each disbursement pursuant to this Section 1 shall not arise unless and until Borrower executes and delivers to the City the Note evidencing the respective disbursement. The execution and delivery of the Notes shall not constitute payment, satisfaction or release of the Obligations.

2. Interest. The interest rate on the Loan Amount hereunder shall accrue from the day of loan disbursement at the percentage rate of 4.0% per annum ("Interest Rate"). Interest shall be computed on the basis of a 360-day year. Interest shall continue to accrue during such time any portion of the Loan Amount remains outstanding.

3. Repayment. Borrower shall repay the Loan Amount, with interest, on October 1, 2011. At the time of payment, Borrower shall pay all principal and accrued interest at the rate set forth in Section 2 of Article 2 above. Lender shall provide Borrower with a statement of accrued interest due and owing no later than 10 days prior to payment date specified above. Borrower may repay all or a portion of the Loan Balance at any time prior to the due date. All payments made by Borrower hereunder will be credited first to accrued interest then due and the remainder will be credited to the outstanding principal amount of the loan.

Article 3. Conditions to Making of Loan

Lender shall not be obligated to fund any loan made under this Loan Agreement unless and until all of the following conditions are satisfied:

- A. Borrower approves and executes this Loan Agreement;
- B. Borrower approves, executes, and delivers the Event Agreement and the Notes;
- C. The City Council approves the Event Agreement and this Loan Agreement.

Article 4. Representations, Warranties and Covenants

Borrower represents, warrants and covenants to Lender as follows:

A. No Violation of Law or Agreement; Authority. The execution, delivery and performance of this Loan Agreement are not in contravention of law or of any indenture, agreement or undertaking to which Borrower is a party or by which Borrower is bound and the same are within Borrower's corporate powers, have been duly authorized, and are not in contravention of Borrower's charter, bylaws or other corporation documents. No further action or proceeding is required in order for the person signing this Loan Agreement on behalf of Borrower to bind the Borrower to the terms hereof.

B. Qualified Corporation. Borrower is duly organized and existing under the laws of the State of California and is duly qualified and in good standing.

C. Use of Loan Proceeds. Borrower agrees that the funds loaned to Borrower hereunder are to be used to meet operating expenses of the SRSEF in presenting the World Masters Athletics Championships event only. Borrower agrees that, until expended, the funds loaned hereunder shall be kept in a segregated account and shall be identified as funds obtained pursuant to this Loan Agreement.

Article 5. Records; Further Assurances; Financial Reports; Cash Flow

1. Records. At all times Borrower shall allow Lender, by or through any of Lender's officers, agents, employees, attorneys and accountants, to possess, to make full use of in aid of Lender's rights under this Loan Agreement, and to examine, audit and make extracts and copies from Borrower's records, and, for the purposes or to aid Lender in the enforcement of any rights under this Loan Agreement, to enter, to remain on, and, without cost to Lender, to use the premises of Borrower or wherever the records may be found, as often and for so long as Lender may desire.

2. Assurances. Borrower shall do all reasonable things required by Lender in order more completely to vest Lender's rights under this Loan Agreement.

3. Financial Reports. Borrower agrees to furnish to Lender, on or before the fifteenth (15th) of each month in which there is an outstanding Loan Balance, monthly financial statements for the previous month. The statements shall consist of a balance sheet, income statement, and supplemental schedule of gross receipts and expenditures for the previous month and a cumulative report of loan to date. The statement shall be signed by Executive Director and Board Chairman, for the Borrower, on the Borrower's stationary.

4. Cash Flow Projections. Commencing on May 1, 2010, Borrower shall provide on the 15th day of each month during the term of this Loan Agreement, an update of the cash flow projection attached as Exhibit B-2 hereto. Notwithstanding any other provision in this Loan Agreement, the cash flow projections prepared through December 15, 2010 shall be used by the City to determine the actual amount (not to exceed \$200,000.00) of the second loan disbursement.

Article 6. Events of Default; Acceleration

1. Default. All Obligations, notwithstanding any time or credit allowed by any instrument evidencing a liability, shall be accelerated and become immediately due and payable, without notice or demand, on the occurrence of any of the following events of default:

- A. Borrower fails to make any payment or to perform any Obligation promptly when due after written notice of such failure and Borrower's failure to cure within five (5) business days following receipt of said notice.
- B. Any warranty, representation, or statement made or furnished to Lender by or on behalf of Borrower is false in any material respect when made or furnished.

- C. Any of the following occurs; it being expressly agreed that on the happening of any event described below, Borrower shall immediately give written notice of the event or fact to Lender:
- (i) Dissolution, termination of existence, insolvency, appointment for the benefit of a receiver for any part of the property of, assignment for the benefit of creditors by, or commencement of any proceeding under any bankruptcy or insolvency law by or against, Borrower;
 - (ii) Entry of a court order that enjoins, restrains, or in any way prevents Borrower from conducting all or any part of its affairs in the ordinary course;
 - (iii) Failure to pay any federal, state, or local tax or other debt of Borrower unless the same is being contested in good faith;
 - (iv) Borrower stops organizing, promoting, offering or presenting the World Masters Athletics Championships event during the term of the Event Agreement;
 - (v) Borrower breaches any covenant, term or condition of the Event Agreement or any amendment thereto.

Article 7. Rights and Remedies

Lender's Rights and Remedies. On the occurrence of any event of default, and at any time thereafter, Lender shall have the rights and remedies of a creditor under any and all applicable laws in addition to the rights and remedies provided in this Loan Agreement or in any other instrument or paper executed by Borrower. All of Lender's rights, powers, and remedies are cumulative and none is exclusive.

Article 8. Application of Payments

Application. All payments made by or on behalf of Borrower, and all credits due to Borrower, may be applied and reapplied in whole or in part to any of the Obligations to the extent and in the manner that Lender may elect.

Article 9. Termination

Termination of Agreement. Lender may terminate this Loan Agreement on immediate notice at any time after occurrence of any event of default described in Article 6. Borrower, at the termination date, shall make payment in full of the Obligations, whether evidenced by installment notes or otherwise, and whether or not all or any part of the Obligations may otherwise then be due and payable by Borrower to Lender. Termination of this Loan Agreement shall not in any way affect or impair any right of Lender arising before or by reason of the termination, nor shall termination relieve Borrower of any obligation to Lender under this Loan Agreement or otherwise until all of the Obligations are fully paid and performed, nor shall termination affect any right or remedy of Lender arising from the Obligations, and all agreements, warranties, and representations of Borrower shall survive termination.

Article 10. Waivers

1. No Waiver by Lender. The failure at any time or times hereafter to require strict performance by Borrower of any of the provisions, warranties, terms, and conditions contained in this Loan Agreement or any other agreement, document, or instrument now or hereafter executed by Borrower and delivered to Lender, shall not waive, affect, or diminish any right of Lender hereafter to demand strict compliance and performance under this Loan Agreement and with respect to any other provisions, warranties, terms, and conditions contained in other agreements, documents, and instruments. Any waiver of any default shall not waive or affect any other default, whether of the same or of a different type. None of the warranties, conditions, provisions, and terms contained in this Loan Agreement or any other agreement, document, or instrument now or hereafter executed by Borrower and delivered to Lender shall be deemed to have been waived by any act or knowledge of Lender or Lender's agents, officers, or employees, but can be waived only by an instrument in writing, signed by an officer of Lender and directed to Borrower, specifying the waiver.

2. Notices. Borrower waives any and all notice or demand which Borrower might be entitled to receive with respect to this Loan Agreement by virtue of any applicable statute or law, and, except in regard to the notice required under Article 6, Section 1.A. of this Agreement, waives demand, protest, notice of protest, notice of default or dishonor, notice of payments and nonpayments, or of any default release, compromise, settlement, extension, or renewal of all contract rights, instruments, guaranties, and otherwise, at any time held by Lender on which Borrower may in any way be liable, notice of nonpayment at maturity of any and all accounts, instruments, or chattel paper, or notice of any action taken by Lender unless expressly required by this Loan Agreement, and hereby ratifies and confirms whatever Lender may do pursuant to this Loan Agreement.

Article 11. Miscellaneous Provisions

1. Binding Effect of Agreement. This Loan Agreement shall be binding on and inure to the benefit of the parties and their respective heirs, successors, representatives, and assigns.

2. Governing Law; Submission to Jurisdiction. The validity, interpretation, enforcement, and effect of this Loan Agreement shall be governed by the laws of the State of California. Borrower hereby consents to the jurisdiction of all courts in California, with venue situated in the County of Sacramento.

3. Severability. In the event that any provision of this Loan Agreement is deemed to be invalid by reason of the operation of any law or by reason of the interpretation placed on any law by any court, this Loan Agreement shall be construed as not containing the invalid provision. The invalidity of the provision shall not affect the validity of any other provision of this Loan Agreement. Any and all other provisions of this Loan Agreement that are otherwise lawful and valid shall remain in full force and effect.

4. Notices and Payments. Any notice, payment, or refund required under this Loan Agreement or by reason of the application of any law shall be deemed to have been given by either party when the same shall have been deposited in the U.S. mail, postage prepaid and addressed as follows:

- (A) If to Borrower: Sacramento Region Sports Education Foundation
1030 – 15th Street, Suite 200
Sacramento, CA 95814
- (B) If to Lender: City of Sacramento
Convention, Culture and Leisure Department
1030 – 15th Street, Suite 250
Sacramento, CA 95814

5. Attorney's Fees. If, at any time or times hereafter, Lender employs counsel, whether outside counsel or its City Attorney's Office, to commence, defend, or intervene, file a petition, complaint, answer, motion, or other pleadings, or to take any other action in or with respect to any suit or proceeding relating to this Loan Agreement, instrument, or document heretofore, now or hereafter executed by Borrower and delivered to Lender, or to represent Lender in any litigation with respect to the affairs of Borrower, or to enforce any rights of Lender; or the Obligations, or any other person, firm, or corporation that may be obligated to Lender by virtue of this Loan Agreement or any other agreement, document, or instrument heretofore, now, or hereafter delivered to Lender by or for the benefit of Borrower; then in any of those events, all of the reasonable attorneys' fees arising from those services, and any expenses, costs and charges relating to those services, shall constitute additional Obligations, payable on demand.

6. Effect of Headings. Headings of articles and sections in this Loan Agreement shall not have any legal effect but are provided only to facilitate the reading of the text.

7. Third Parties. This Loan Agreement is made and entered into for the sole protection and benefit of the parties hereto and their respective successors and assigns, and no other person or entity shall be a third party beneficiary of, or have any direct or indirect cause of action or claim in connection with this Loan Agreement, the Notes, or any other related document to which it is not a party.

8. Effective Date. This Loan Agreement shall not become effective until executed by Lender.

Borrower:
**SACRAMENTO REGION SPORTS
EDUCATION FOUNDATION, INC.,** a
California non-profit public benefit
corporation:

by: _____
[print name and title of signer]

Dated: _____

World Masters Athletics Championships

March 16, 2010

ATTEST:

Lender:

CITY OF SACRAMENTO:

City Clerk

APPROVED AS TO FORM:

Gus Vina, Acting City Manager

Dated: _____

Sr. Deputy City Attorney

Exhibit B-2 Cash Flow Projections

	6,000 Entries	Jan-Mar 2010	Apr-Jun 2010	Jul-Sep 2010	Oct-Dec 2010	Jan-Mar 2011	Apr-Jun 2011	Jul-Sep 2011	Oct-Dec 2011
Income									
All registration fees	\$1,052,795	-	-	-	-	-	-	1,052,795	-
Dorm Housing Gross	\$261,468	-	-	-	-	65,367	196,101	-	-
Hotel Comm.	\$200,000	-	-	-	-	-	-	70,000	130,000
Sponsorships	\$180,000	30,000	-	-	-	150,000	-	-	-
Advertising	\$55,000	5,000	-	-	-	-	50,000	-	-
Sales	\$110,000	-	-	-	-	-	-	110,000	-
City/County Rights Fee Funding	\$50,000	50,000	-	-	-	-	-	-	-
SSC Bid Deposit	\$20,000	20,000	-	-	-	-	-	-	-
Total Income	\$1,929,263								
Cash flow IN		105,000	-	-	-	215,367	246,101	1,232,795	130,000
Expense									
Administration									
Employee Salaries & Taxes	\$257,549	6,885	41,163	50,534	48,784	41,794	43,504	24,886	-
Professional Fees	\$91,167	9,667	1,975	17,375	18,000	18,000	19,500	6,250	500
Data Processing	\$5,000	-	-	-	-	-	-	5,000	-
Postage and delivery	\$5,000	4,259	741	-	-	-	-	-	-
Insurance	\$3,000	-	-	-	-	3,000	-	-	-
Automobile expense	\$500	7	-	-	-	-	343	150	-
Miscellaneous	\$9,000	3,690	900	900	900	900	1,200	510	-
Office Supplies	\$1,000	247	-	-	-	300	300	153	-
Sales Tax	\$1,000	448	-	-	-	-	-	554	-
Total Administration	\$373,218								
Banquet/Ceremonies	\$100,000	-	-	-	-	-	42,500	57,500	-
Concessions	\$10,000	-	-	-	-	-	10,000	-	-
Facilities	\$179,000	-	25,000	-	-	-	22,500	131,500	-
Dorms & Hospitality	\$214,628	-	-	-	20,000	-	16,000	178,628	-
Marketing									
Promotional Events	\$82,176	-	-	-	-	-	-	-	-
Media Services	\$57,306	-	-	-	-	-	-	-	-
Printing	\$52,500	-	-	-	-	-	-	-	-
Advertising	\$40,000	-	-	-	-	-	-	-	-
Website	\$5,000	-	-	-	-	-	-	-	-
Total Marketing	\$236,982	79,482	38,500	19,500	4,500	58,500	32,500	4,500	1,500
Meet Management	\$261,000	-	-	-	-	-	161,000	100,000	-
Transportation	\$75,000	-	-	-	-	-	30,000	45,000	-
Volunteers	\$30,000	-	-	-	-	-	15,000	15,000	-
WMA									
Anti-doping fees (\$5/entrant)	\$25,000	-	-	-	-	-	-	25,000	-
2011 WMA Council Meeting	\$20,000	-	-	-	-	20,000	-	-	-
2011 Championship Contractual (o/s only)	\$165,000	50,000	-	-	-	-	50,000	65,000	-
Refundable Performance Bond (9.)	\$20,000	20,000	-	-	-	-	-	-	-
Total WMA	\$230,000								
Return SSC Bid Deposit	\$20,000	-	-	-	-	-	-	20,000	-
Interest	\$31,000	-	-	-	-	-	-	31,000	-
Contingency	\$119,000	-	-	-	-	-	-	119,000	-
Total Expense	\$1,879,827								
Cash OUT		174,682	106,179	88,309	92,184	142,494	444,347	829,831	2,000

Planned surplus **\$49,437**

NET CASH FLOW (out/in)	(69,682)	(106,179)	(88,309)	(92,184)	72,873	(198,246)	403,164	128,000	
Cumulative cash flow--no city/county funding	(69,682)	(175,861)	(264,170)	(356,354)	(283,481)	(481,727)	(78,563)	49,437	
City loan proceeds (payment)	200,000	-	-	200,000	-	-	(300,000)	(100,000)	
County loan proceeds (payment)	-	-	200,000	-	-	-	-	(200,000)	
Cumulative cash flow with city/county funding	\$130,318	\$24,139	\$135,830	\$243,646	\$316,519	\$118,273	\$221,437	\$49,437	

Exhibit C**PROMISSORY NOTE**

\$200,000.00

Sacramento, California
Dated: _____

FOR VALUE RECEIVED, the undersigned, the **Sacramento Region Sports Education Foundation**, a California non-profit public benefit corporation ("Payor"), promises to pay to the **City of Sacramento** ("Payee"), or order, at the City of Sacramento, Department of Convention, Culture and Leisure, 1030 - 15th Street, Suite 250, Sacramento, California 95814, or at such other place as the holder hereof may from time to time designate in writing, the principal sum of TWO HUNDRED THOUSAND DOLLARS (\$200,000.00), together with interest on the unpaid principal balance of this Promissory Note ("Note"), calculated at the interest rate of four percent (4.0%) per annum.

Principal and interest shall be due and payable on or before October 1, 2011. At the time of payment, Borrower shall pay all principal and accrued interest at the rate set forth in paragraph 3 below. Lender shall provide Borrower with a statement of accrued interest due and owing no later than 10 days prior to the payment date.

1. All principal and accrued unpaid interest on this Note shall be due and payable in full on or before October 1, 2011. Any interest or principal not paid when due shall bear interest at the rate of ten percent (10%) per annum until paid.
2. All payments will be credited first against accrued interest then due, and the remainder will be credited to principal.
3. Interest shall accrue on the outstanding principal balance at the interest rate of 4% per annum. Interest shall be computed on the basis of a 360-day year. Interest shall continue to accrue during such time any portion of the principal amount remains outstanding.
4. At the option of the holder hereof, this Note shall become immediately due and payable, without further notice or demand, upon the occurrence at any time of any of the following events:
 - (a) Default in the payment of any installment due hereunder after written notice of such default and Payor's failure to cure within five (5) business days following receipt of said notice;
 - (b) Any warranty, representation, or statement made or furnished to Payee by or on behalf of Payor is false in any material respect when made or furnished;

- (c) Any of the following occurs, it being expressly agreed that on the happening of any event described below, Payor shall immediately give written notice of the event or fact to Payee:
 - (i) Dissolution, termination of existence, insolvency, appointment for the benefit of a receiver for any part of the property of; assignment for the benefit of creditors by, or commencement of any proceeding under any bankruptcy or insolvency law by or against, Payor;
 - (ii) Entry of a court order that enjoins, restrains, or in any way prevents Payee from conducting all or any part of its affairs in the ordinary course;
 - (iii) Failure to pay any federal, state, or local tax or other debt of Payor unless the same is being contested in good faith;
 - (iv) Payor does not organize, promote, offer or present the World Masters Athletics event;
 - (v) Payor breaches any covenant, term or condition of the Event Agreement or any amendment thereto.
- 5. If this Note is not paid when due, whether at maturity or by acceleration, Payor, and every guarantor and endorser of this Note, and every person who assumes the obligations of this Note, promise to pay all costs of collection, including, but not limited to, reasonable attorneys' fees, whether incurred by outside counsel or the City Attorney's Office, and whether or not suit is filed hereon. Additionally, the holder hereof shall be entitled to reimbursement for all attorneys' fees and costs incurred in enforcing any judgment arising from or out of this Note which shall not merge into said judgment and may be added to the judgment and substantiated by supplemental cost bill.
- 6. Payor, every guarantor and endorser of this Note, and every person who assumes the obligations of this Note, waive presentment, demand, protest, notice of protest, notice of dishonor, notice of nonpayment, and notice of any kind with respect to this Note or any guarantee of it.
- 7. Principal and interest shall be payable in lawful money of the United States.
- 8. This Note may not be changed or terminated orally, but only by an agreement in writing signed by the party against whom enforcement of such change or termination is sought.
- 9. This Note may be prepaid at any time without penalty.

10. The rights, duties, and obligations of Payor and Payee hereunder shall be binding upon and inure to the benefit of their respective successors, representatives, receivers, trustees, and assigns, if any.

"PAYOR"

SACRAMENTO REGION SPORTS
EDUCATION FOUNDATION, INC.

By: _____

[type or print name of signer]

[type or print title of signer]