

WILL COUNTY METROPOLITAN EXPOSITION AND AUDITORIUM AUTHORITY

DATE: March 22, 2017

AUTHORITY MEMO NUMBER 025-2017

RE: February Regular Meeting Minutes

The February 22, 2017 regular meeting of the Will County Metropolitan Exposition and Auditorium Authority Board was held at 15 E. Van Buren Street, Joliet, Illinois 60432. Chairman Bob Filotto opened the meeting at 4:00 P.M. with a quorum present and welcomed Board members and the public.

Present: Joe Carlasare, Donnie Chestnutt, Bob Filotto, Jeff Pierson, Tom Osterberger, Kathy Trizna and Council Liaison Pat Mudron.

Absent: Jane Condon

Others: David Silverman, Legal Counsel; representing the Foundation Board, Tim Shanahan; representing IATSE Local 124, Ed Rachel; and members of the public and the press.

Staff: Tim Berry, Interim Executive Director; Jack Ericksen, Dale Evans, Jan Gilligan and Leann Hoffrogge.

APPROVAL OF MINUTES

Authority Memo Number 002-2017 December 14, 2016 Regular Meeting Minutes

Authority Memo Number 003-2017 December 29, 2016 Special Meeting Minutes

Motion: Pierson moved and Carlasare seconded acceptance of A.M. 002-2017 December 14, 2016 regular meeting minutes and A.M. 003-2017 December 29, 2016 special meeting minutes, as presented.

The Chair called a voice vote. The motion passed unanimously.

Discussion: Since Board members had not attended the December regular meeting, legal counsel Silverman said the minutes could be placed on file or accepted.

Authority Memo Number 017-2017 January 25, 2017 Regular Meeting Minutes

Authority Memo Number 018-2017 January 28, 2017 Special Meeting Minutes

Motion: Chestnutt moved and Pierson seconded approval of A.M. 017-2017 January 25, 2017 Regular meeting minutes and A.M. 018-2017 January 28, 2017 special meeting minutes, as presented.

The Chair called a voice vote. The motion passed unanimously.

PUBLIC TO BE HEARD in REGARD to AGENDA ITEMS

Re Consideration of Changing Meeting Time:

- Mike Morgan Appealed to the Board to hold the meetings later than 4:00 P.M. Many Rialto Belongs to the People FaceBook members are unable to attend due to their work hours. Morgan asked if the meetings could be scheduled around events. Silverman said meeting dates, times and places must be posted at the beginning of each year; if the Board decides to change its meeting time a public notice would have to be placed in a newspaper of general circulation, which would get expensive if the time were changed frequently.

- Alex Rodriguez said it is very difficult for him to attend 4:00 P.M. meetings.

- Tim Shanahan asked if there was an additional cost to pay for staff who must attend meetings. He is aware the Hospitality Suite is open two hours before shows; for 7:00 shows, the suite is in use at 5:00 P.M. He said the Will County Board holds its public meetings at 10:00 A.M. and that there

isn't a time that would suit everyone. He asked that those considerations be weighed in the decision-making process.

- Carol Mulvihill said Rialto staff has to set up for events and volunteers must arrive 90 minutes prior to scheduled show times; they would be excluded from attending later meetings. Traffic and parking would be an issue on event evenings. It would also create the opportunity for individuals without tickets to access the auditorium. A private event is scheduled to be held at 7:00 P.M. on the regular meeting date in March.

- Rachel Ventura stated the meeting schedule should be convenient to the Board whose members volunteer their time. Attendance by the public is an opportunity, but the public isn't critical to the business of the Board.

Authority Memo Number **019-2017 Operational Bills Paid and Payable**

Motion: Chestnutt moved and Trizna seconded approval of Operational Bills Paid and Payable in the amount of \$206,333.44.

The Chair requested a motion to approve. Hearing no opposing votes, the Chair announced, "Motion passes."

Discussion: The Chair confirmed that members had had time to review the report. He asked if there were any questions regarding any one specific bill or item. None were stated. The Chair asked if there were any questions before asking for a motion and repeated it with the motion on the floor.

Authority Memo Number **120-2017 Financial Statements**

Report: The Chair announced that the January Financial Statements will be distributed at a later date.

OLD BUSINESS

Authority Memo Number **008-2017 Resolution 2017-1 Long-Term Management Agreement with VenuWorks**

Motion: Pierson move and Chestnutt seconded removing A.M. 008 from the table.

AYES: Carlasare, Chestnutt, Filotto, Osterberger, Pierson, Trizna

NAYS:

Motion: Carlasare moved and Trizna seconded approval of 008-2017, Resolution 2017-1 Long-Term Management Agreement with VenuWorks, as presented.

AYES: Carlasare, Chestnutt, Filotto, Osterberger, Pierson, Trizna

NAYS:

The Chair called a voice vote. No opposing votes were spoken. The motion passed.

Discussion: The Chair thanked the Vice Chair for stepping in to run the special meeting. He understands that Osterberger raised some questions which have been resolved. At the Chair's invitation, Osterberger said Berry and his staff had clarified the points that had concerned him. Filotto thanked Carlasare and Silverman for their diligent work on this matter over the last several weeks. There were at least four to five meetings each lasting an hour or more. It was a pleasure to negotiate the Agreement with VenuWorks staff. There was no push back from Berry, John Siehl or any of the host of people at VenuWorks. The Chair is excited about this agreement and he thinks good things will result from it. Carlasare said it is a good Agreement that was reviewed line by line, alleviating as many concerns possible. Ultimately, we're putting our faith in VenuWorks to deliver and we think VenuWorks is a great company that will be able to deliver. VenuWorks management has already shown a lot of confidence in terms of answering questions and being accessible. This

Board has to make sure we maintain oversight of it and make sure our projections and the projections VenuWorks provided are followed. Carlasare appreciated the Chair's leadership on this important matter.

Authority Memo Number 010-2017 Appointment of FOIA Officer

Motion: Carlasare moved and Chestnutt seconded the appointment of Tom Osterberger as FOIA Officer.

The Chair called a voice vote and, hearing no opposing votes, declared the motion passed.

Motion: Pierson moved and Chestnutt seconded the appointment of Jan Gilligan as Deputy FOIA Officer.

The Chair called a voice vote and, hearing no opposing votes, declared the motion passed.

Discussion: The Chair reported that he and Silverman had discussed this requirement. Gilligan had provided them information regarding FOIA Officer positions and responsibilities. In their discussions they agreed that, although we may have a Board member liaison as FOIA Officer, it is a staff responsibility. The Chair had discussed this matter with Osterberger. In response to the Chair's question, Osterberger said he would accept this responsibility. Note: Upon receipt of Authority email addresses, Carlasare commented that, in his practice, he has extensive experience with FOIA requests and asked the minutes reflect that, as a matter of best practice, all Authority business be posted to and from those addresses in order to facilitate any FOIA requests. The Chair concurred. [The Agreement is attached herewith.]

Authority Memo Number 011-2017 Appointment of Ethics Officer

Report: The Chair advised members that a previous Board Chair had contacted the State of Illinois and, as a result, received a letter from the Office of the Executive Inspector General dated July 1, 2009 and signed by David Keahl, Director of Ethics Training and Compliance, which stated: *"This Office has recently determined that because it is a unit of local government, the Will County Metropolitan Exposition and Auditorium Authority is not a "State agency" for purposes of the State Officials and Employee Ethics Act. Therefore, its members are not subject to the jurisdiction of this Officer, nor are its members required to participate in State employee ethics training under this Office's jurisdiction."* Pierson said, if it is not required by statute or by law, an Ethics Officer isn't needed. All Board members concurred. No action was taken.

NEW BUSINESS

Authority Memo Number 021-2017 Consideration of a resolution changing the time of regular meetings.

Motion: Pierson moved and Chestnutt seconded a motion to table the resolution to change the time of regular meetings.

The Chair called a voice vote. No opposing votes were expressed. The motion carried.

Discussion: The Chair deferred to Carlasare, who had requested this item be placed on the agenda. Carlasare had received several requests from individuals who want to attend and he thought it should be fairly debated by the Board. He is very sympathetic the comments made earlier and feels they can be worked around. He said the Board should try to encourage community involvement. Carlasare said, for him personally, it's difficult to get here at 4:00, but he has the ability to schedule around it; others cannot. Pierson asked for the history of holding meetings at 4:00 P.M. Evans said the first Authority Board met at 7:00 P.M. Several years later, it was decided to meet earlier because a lot of business needed to be discussed and some meetings ended after 11:00 P.M. At that time, the Board chose to meet at 4:00 P.M. Sometimes meetings were delayed

until a quorum had arrived. As to whether additional cost would be incurred if meetings were held later, it depends upon whose presence is requested. Salaried employees adjust their schedule during the day or the week. Hourly employees may require additional compensation. Conflicts with theatre events have occurred; the conference room in the office is much smaller than the hospitality suite. The esplanade / rotunda has been used, however acoustics are very poor in those areas making it difficult for people to hear; it also interferes with audio recordings. Meeting in the Auditorium requires stagehand labor if any lighting or sound equipment is used. The Chair asked if some meetings could be at 4:00 and some at 5:00; he asked Morgan if that would resolve the issues for his group. Morgan said many of the FaceBook group who expressed interest in attending work until 5:00. • Chestnutt said expressing interest in a meeting may not result in follow through. If a means of receiving input from the public by a certain time prior to a meeting, those comments could be presented and addressed at the meeting. Chestnutt said she would like to see a communication link to address those concerns. She said having the time to step back and think things through, you can have some very profound thoughts. She said it's more important to have a communication link than setting a time. In response to a member of the public, Evans said the public had not been interested in attending meetings, regardless of the time, before the marquee became an issue. Osterberger said this Board has been in place less than one month; he requested time to think this through. Carlasare said the Chair's suggestion of rotating between 4:00 and a 7:00 or 6:00 meeting was a good solution. The Chair, corrected that statement, saying that when he made the decision to apply for a Board appointment, he was very cognizant of the meeting schedule. Other members concurred. The Chair said, under no circumstances does he want to meet at 7:00, or even 6:00 P.M.

Authority Memo Number 022-2017 Two Rialto Square Tenant Leases

Motion: Carlasare moved and Trizna seconded approval of extending the terms of the Center of Economic Development lease, as written.

AYES: Carlasare, Chestnutt, Pierson, Trizna

ABSTENSIONS: Filotto, Osterberger

NAYS:

Discussion: Berry brought this to the Board as a matter of business because the Center for Economic Development had contacted him regarding their lease which will expire soon. They want to extend their current lease. No changes were requested, however they requested a document to present to their Board. Berry drafted a letter stating that the Authority is in a period of transition which Pierson signed. He also wanted direction on how leases that are coming due should be handled and how potential tenants are to be accommodated. In the past, the Executive Director has taken the role of negotiating terms [with input from a real estate committee consisting of Board members]. A leasing agent was contracted to work with tenants. Although the contract has expired the arrangement has continued as if it were in effect. The Chair has been approached by John Oliveri of Oliveri Brothers Architects and Managers in Frankfort. The company manages seven commercial properties for their clients and two of their family's properties and John has volunteered to help in any way he can. Silverman said the Board has ultimate approval of lease terms.

AUTHORITY MEMO NUMBER 023-2017 Committee and Executive Reports

RST Foundation: Both Condon and Filotto attended the RSTF Meeting. President Simpson provided information on the Cy Pres, which goes before the Will County Judge Anderson on Friday at 9:00 A.M. in the Emco Building. The Chair and Silverman concurred that it could be beneficial for Board

members to show interest in the matters of the court. A wrap-up event is planned for the theatre's Anniversary. Ericksen reported several Foundation committees have been formed; members were asked to volunteer for at least one committee. Committee meetings will begin within the next two weeks. • A schedule of 2017 fundraising events through the rest of this year will be determined. • At the February 8th meeting of the Foundation, Trisha Simpson thanked Tom Grotovsky, owner of Joliet's Great American Bagel, for the donation of over \$1,000 realized from a raffle for a piece of Rialto artwork.

Interim General Manager: Berry thanked the Board for their approval of the Long-Term Management Agreement with VenuWorks. • Email addresses for Board members have been created on the Rialto email account. A list of these addresses was distributed to Board members and staff will use these addresses on all correspondence with members. [Patti Fitzpatrick will assist members with activating their accounts on computers and cell phone.] • Berry informed members that occupancy in the two commercial buildings is about 60%; we would like to get it up to 80% in order to have a positive impact on finances. In order to do so, we need to focus on custodial operations. VenuWorks recognizes that our tenants have tolerated hardships due to reduced staffing and short supplies and wants them to know that resources have become more available and that improved housekeeping service will be focused upon. • Electronic ticketing is becoming popular and cell phones, as proof of purchase, is becoming the norm. Trizna had become aware of a patron's experience with a ticket broker and took detailed notes which were provided to staff. We must stop these "ticket" holders from entering the building because once they're inside they are our customers. Berry said it is impossible to keep up with technology, but we can educate the public. Berry said it was unfortunate incident, but we are fortunate to have a policy and employees who acted in accordance with policy. He shared a warning with those present: Tickets purchased from third party providers must be printed at home. • As of today, we have a third of the ticketed events necessary to meet the IGA requirement for the release of the second half of funding per the Agreement. • Ericksen and Berry have been working on ways to raise funds with which to repay the Cy Pres in the amount of \$50,000, plus interest, per year. • Local groups have presented events at the Rialto. Several years ago an endowment was created for Joliet American Legion Band, the earnings from which were intended to cover the costs of presenting their event, however interest earnings have been low and the Rialto has been covering the cost overrun. Berry has approached the group(s) about holding fundraising campaigns to cover the shortfall and to help raise the event endowment. • A local entrepreneur has contacted 25 local churches, many of them African American Churches, regarding a Gospel Explosion event. Ericksen said the entrepreneur is confident that two shows would sell out for that type of programming. • The June dates for Star Wars Days have opened on the theatre calendar and will participate and the theatre will participate in some way. • The Rialto is being considered for the location of a local musical stage presentation. • 'Twas events are also being considered. Ericksen said Berry and VenuWorks is very cognizant of local events and are very supportive of opening the doors than we have been in the past. • Ron White's first performance sold out and approximately 700 attended the second.

Board Chair: The Chair commented on the public interest generated by the Olivia Newton-John show. Ericksen said tickets go on sale to the public on Friday. • In response to the Chair's question, Berry said the building engineer issue hasn't been resolved. It hasn't been advertised due to lack of funds.

BOARD AND PUBLIC TO BE HEARD

• Pierson commented that Saturday's special meeting building tour made a lot of repair and building issues apparent. He has approached some grant writers in the community who are

interested in pursuing grant opportunities. He will provide that information to the Foundation for review.

- Carlasare asked that it be noted in the minutes that personal and / or business email addresses should not be used for Authority business. In his practice, he has extensive experience with FOIA requests and recommends that his clients serving on governmental boards have dedicated accounts for email communications. He asked that the minutes reflect, as a matter of best practice, that all Authority business be posted to and from rialtosquare.com addresses. The Chair concurred. [This is noted under A.M. 010-2017 Appointment of FOIA Officer, above.] Carlasare added that he will forward all previous emails related to the Rialto to the new account so it is preserved.

- Mike Morgan offered to post on FaceBook any public educational information that Berry would like disseminated. Morgan also requested the VenuWorks Agreement be provided for posting on FaceBook. The Chair said it would be appended to the minutes.

- Rachel Ventura thanked the board for its approval of the Long-Term Agreement with VenuWorks. She suggested a warning be posted on the Rialto website warning ticket buyers away from alternate ticket sources.

- Someone associated with another FaceBook page offered to feature Rialto programming.

- Ed Rachel pointed out that if meetings were recorded, members of the public who cannot attend meetings would be able to view, or listen to, meetings.

- Mudron said he would check on the availability of JCTV to record meetings. He thanked the Board for their due diligence regarding the Long-Term Agreement with VenuWorks in order to approve it.

- A member of the public reported that she is associated with JCTV; they wouldn't be able to broadcast live, as the City does.

- A member of the public who is program director for Crest Hill TV, offered to donate his assistance in videotaping meetings for YouTube and to work with JCTV. The Chair will discuss the matter with legal counsel.

- Chestnutt said it would be helpful to know the groups represented by members of the public who attend meetings. [Working with the Rialto for the Rialto and The Rialto Belongs to the People.]

- Osterberger commented that he finds it very helpful to have the interest of people who are well-versed in technology.

EXECUTIVE SESSION

No executive session was needed.

ADJOURNMENT:

Motion: Pierson moved and Chestnutt seconded adjournment.

The Chair called a voice vote; the motion carried unanimously. The meeting adjourned at 5:00 P.M.

Minutes respectfully submitted by Jan Gilligan, Administrative Secretary.

Kathy Trizna, Board Secretary

Unapproved minutes distributed in Board Packets are subject to change. Approved minutes will be posted on [www.rialtosquare.com /Public Information/Approved Minutes](http://www.rialtosquare.com/Public%20Information/Approved%20Minutes).

Rialto Square Management Agreement

This MANAGEMENT AGREEMENT ("Agreement"), made and entered into as of February 22, 2017, by and between Will County Metropolitan Exposition and Auditorium Authority, hereinafter known as "**AUTHORITY**", with offices at The Rialto Theater, 102 N. Chicago St., Joliet, IL 60432, and VenuWorks of Joliet, LLC, an Iowa limited liability corporation, with offices at 4611 Mortensen Road, Suite 111, Ames, Iowa, 50014 ("**VENUWORKS**").

WHEREAS, **AUTHORITY** is the Owner of a place of public gathering known as the Rialto Square Theatre, which along with other office and retail space, is known as Rialto Square (hereinafter referred to as the "Facility"); and

WHEREAS, **VENUWORKS** is in the business of providing management and operation and marketing services to similar facilities possesses the knowledge and expertise to manage and market the Facility; and

WHEREAS, **VENUWORKS** is a wholly owned subsidiary of VenuWorks, Inc. ("VWI"), and enjoys the benefits of a services contract with VWI for on-going support, guidance and consultation to be provided to **VENUWORKS** by VWI in the completion of **VENUWORKS'** responsibilities as defined herein, and;

WHEREAS, **AUTHORITY** is desirous of having **VENUWORKS** provide management, operation and marketing services, and **VENUWORKS** desires to accept such engagement on the terms and conditions set forth herein, and;

WHEREAS, the Authority is subject to the Will County Metropolitan Exposition and Auditorium Authority Law of 1977 (70 ILCS 200/2801-1 *et seq.*), as Amended, (the "Act"), and;

WHEREAS, the Authority and the City of Joliet have entered into a certain Intergovernmental Agreement dated the 29th day of December 2016, a copy of which is attached as Exhibit A (the "IGA").

NOW, THEREFORE, in consideration of the mutual promises contained herein and other consideration the sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE ONE

RETENTION OF VENUWORKS

AUTHORITY hereby retains **VENUWORKS** as an independent contractor for the purpose of performing the services described in this Agreement. Subject to the terms and conditions set forth herein, **VENUWORKS** agrees to provide management, operation and marketing services in accordance with this Agreement, and consistent with policies approved by **AUTHORITY**. **VENUWORKS** agrees to use its best efforts to maximize revenues from use of the Facility, including, without limitation, marketing and sales and event production and promotion and otherwise managing the Facility in accordance with this Agreement. In providing these services **VENUWORKS** shall manage the Facility in accordance with sound business practices and industry standards.

The parties to this agreement acknowledge that **AUTHORITY** will retain title and ownership of the Facility and that **VENUWORKS** will not acquire title to, any security interest in, or any rights of any kind in or to the Facility (or any income, receipts or revenues there from).

ARTICLE 2

COMMENCEMENT DATE AND TERM

This Agreement shall be for a term commencing on April 1, 2017 (the "Commencement Date") and expiring on June 30, 2022, with an optional three (3) year extension, unless terminated earlier as set forth herein. Any such option shall be subject to mutual acceptance of both parties. This Agreement may be terminated prior to expiration as provided in Section 7.14.

ARTICLE 3

MANAGEMENT AGREEMENT

3.1 Provision of Services. During the term and any renewal term of this Agreement, **VENUWORKS** shall provide the services set forth in this Article 3.

3.2 Grant to **VENUWORKS**. During the term of this Agreement, **AUTHORITY** grants to **VENUWORKS** the right to manage, market, promote, operate and maintain the Facility, and, subject to **AUTHORITY** approval, **VENUWORKS** shall direct food and beverage sales, sponsorship projects and advertising at the Facility, all the proceeds of which shall accrue to **AUTHORITY**.

3.3 **VENUWORKS'** Responsibilities. Beginning on the Commencement Date, and continuing through the term of the Agreement, **VENUWORKS** shall assume management responsibilities as set forth below. Where **VENUWORKS** is required to direct or arrange for services or material, **VENUWORKS** shall employ all persons performing such services or shall contract with a third party for the performance of such services.

3.3.1 Marketing and Promotion. **VENUWORKS** shall direct all marketing activities which shall be undertaken so as to maximize the use of the Facility by all persons, including independent promoters and Affiliates of **VENUWORKS** so as to provide maximum Revenue, as defined in Paragraph 3.3.14 below for the Facility and accessibility for the community to the Facility. **VENUWORKS** shall be responsible for ensuring that appropriate programs are booked into the Facility and that suitable media coverage is obtained and shall coordinate such efforts with **AUTHORITY**.

3.3.2 Scheduling. **VENUWORKS** shall develop and maintain all schedules for events held at the Facility and scheduling shall be accomplished in accordance with applicable law, and in a manner to maximize the use of the Facility so as to provide maximum Revenue for the Facility and accessibility for the community to the Facility. **VENUWORKS** shall use an event rental agreement acceptable in form to **AUTHORITY**. The parties understand and agree that **VENUWORKS** shall be empowered to negotiate event and talent agreements as **AUTHORITY'S** agent, subject to a "Booking Policy" to be agreed upon by the Parties (the "Booking Policy") with permission from **VENUWORKS** may deviate from the Booking

Policy when such deviation is deemed by both parties to be in the best interests of the Facility.

3.3.3 Operations Plan. In addition to the Business Plan referenced in Section 3.6 hereof, **VENUWORKS** shall prepare and develop an annual operations plan, including an Annual Budget, as defined below, which shall be submitted to **AUTHORITY** for approval each year for the following fiscal year. To the extent possible, the goals of the Business Plan shall be reflected in the Annual Budget. **VENUWORKS** will cooperate and will work with **AUTHORITY** to ensure that the operations plan meets the reasonable requirements and expectations of **AUTHORITY**.

3.3.4 Food & Beverage / Concessions. **VENUWORKS** shall be responsible for providing the food & beverage services at the Facility. The manager for the catering and concessions will be accountable to **VENUWORKS**' Facility Executive Director (or his/her designee) for meeting service, quality and financial standards (including the submission of financial statements and budgets) set by **AUTHORITY**.

3.3.5 Facility Maintenance. **VENUWORKS** will be responsible for the performance of all facilities maintenance work. **VENUWORKS** will carry out work required of **AUTHORITY** which shall be limited to ordinary maintenance and repairs which do not increase the value or extend the life of an asset at the Facility. **VENUWORKS** shall also be responsible for the planning and supervision of any tenant buildouts as approved by the Authority pursuant to a lease.

3.3.6 Custodial and Cleaning Services. **VENUWORKS** shall provide or cause to be provided all routine cleaning and janitorial services at the Facility.

3.3.7 Pest Control. **VENUWORKS** shall direct all necessary pest control services, whether performed by **VENUWORKS** or a pest control service engaged by **VENUWORKS**.

3.3.8 Snow Removal. **VENUWORKS** shall direct all snow removal services on the pathways and sidewalks adjacent to the Facility.

3.3.9 Trash Removal. **VENUWORKS** shall direct removal of all trash from the Facility and agrees that it shall not permit any employee, concessionaire or caterer to place refuse outside the buildings on the Facility, except in designated trash containers, the Facility of which shall be approved by **AUTHORITY**.

3.3.10 Operational Services. **VENUWORKS** shall direct all services required to stage (set

up and tear down) the Facility for each event, including but not limited to, services involving the stage area, sound system, lighting system, stage rigging, dressing area, stage equipment, loading in and loading out. **VENUWORKS** shall hire and manage all management staff, ticket sales personnel, ushers and other personnel required for the operation of the Facility, including but not limited to, ticket taking, novelty sales, program distributions and assistance to patrons generally, including the handicapped.

3.3.11 Ticket Sales. **VENUWORKS** shall direct all aspects of ticket sales for events and activities including computerized tickets, utilizing its national ticketing contract to provide state of the art equipment and software to the Facility at no cost to AUTHORITY. Ticket sales services shall include ordering, selling and accounting for tickets, reporting ticket revenues for a given event for each user of the Facility, cash, check, and credit card processing, complete auditing and accounting for each event, and providing an accounting of the event income and expenses within ten days after each event is held. The amounts charged by the ticketing contractor for service charges, and the Facility's participation in revenues from these service charges, will be consistent with industry standards in the Northern Illinois region.

3.3.12 Security. **VENUWORKS** shall arrange for proper security for events at the Facility and for general security when events are not in progress. Such security may be provided by **VENUWORKS** or by contract, in its discretion. **VENUWORKS** shall review and coordinate exterior crowd management and traffic control with appropriate local authorities.

3.3.13 Licenses and Permits. **VENUWORKS** shall obtain and maintain all licenses and permits necessary for management and operation of the Facility, subject to the local procedures for the granting of such licenses and permits.

3.3.14 Revenues; Bank Accounts and Payment of Operating Expenses. **VENUWORKS** shall be responsible for the collection of all Revenues and payment of Operating Expenses, as defined in Exhibit A, including payment and remittance of applicable sales taxes. As used herein, "Revenue" is defined as the total amount received by **VENUWORKS** or any other person or entity operating on **VENUWORKS'** behalf from third parties, directly or indirectly arising out of or connected with and on behalf of the Facility, including without limitation, transactions for cash, credit and credit card sales, less applicable sales taxes.

VENUWORKS, in cooperation with **AUTHORITY**, shall establish two separate commercial bank accounts and one commercial interest bearing money market savings account. These accounts shall be in the name of **AUTHORITY** and utilize **AUTHORITY'S** federal identification number. Signatories shall include those individuals as deemed appropriate by **VENUWORKS** and **AUTHORITY**. The names of the commercial accounts shall be **AUTHORITY** Operating Account and **AUTHORITY** Box Office Account. The money market savings account shall be titled **AUTHORITY** Savings Account. Revenues from the sale of tickets to events at the Facility shall be deposited by **VENUWORKS** in **AUTHORITY** Box Office Account. After payment from such ticket sales Revenues of all event-related expenses, and within twenty-four hours after the end of the event, **VENUWORKS** shall transfer the remaining event ticket sales Revenues to **AUTHORITY** Operating Account.

All other Revenues generated by use of the Facility and collected by **VENUWORKS** shall be deposited in **AUTHORITY** Operating Account. **VENUWORKS** is authorized to make disbursements from **AUTHORITY** Box Office Account to promoters or performers in any amount due the performer or promoter as per contracts with them, and to pay budgeted Operating Expenses from **AUTHORITY** Operating Account. From time to time, **VENUWORKS** may, with **AUTHORITY** approval, transfer funds from **AUTHORITY** Box Office Account to **AUTHORITY** Operating Account to accommodate cash flow needs of the Facility. **AUTHORITY** shall be authorized at any time, to obtain information and records from the bank concerning such accounts and to inspect the same. It shall be an Event of Default, as defined below, entitling **AUTHORITY** to terminate this Agreement, if **VENUWORKS** withdraws any money from **AUTHORITY** Operating Account, **AUTHORITY** Box Office Account or **AUTHORITY** Savings Account except in accordance with this Agreement. Interest accrued in these accounts shall be revenue to the Facility and belong to **AUTHORITY**.

3.3.15 Coordinating of Volunteers: **VENUWORKS** shall be responsible for training and coordinating volunteers working in the Theatre.

3.3.16 Cash Discrepancies: **VENUWORKS** will be responsible for any cash discrepancies resulting from errors made in making change at cash sale points.

3.3.17 Staffing: **VENUWORKS** shall be responsible for supervision and direction of all

personnel staffing at the Facility. Subject to the Employee Transition time frames set forth in 7.11, all Facility staff will be in the employment of or contracted by **VENUWORKS**. All expenses associated with the staffing will be considered operating expenses of the Facility. Pre-employment and relocation expenses must be pre-approved by **AUTHORITY**.

AUTHORITY has the right to participate in the recruitment, interviewing and hiring of the Executive Director of the Facility, including the creation of a recruiting task force to work with **VENUWORKS** in the hiring process.

3.3.18 Additional Duties. **VENUWORKS** shall also be required to provide, on a timely basis, information, data, and solutions to project issues as may be reasonably requested by **AUTHORITY**, together with such other services consistent herewith as **AUTHORITY** may reasonably require.

3.3.19 Use of AUTHORITY Equipment. **VENUWORKS** will use equipment at the Facility in performance of its obligations hereunder. Prior to opening the Facility, **AUTHORITY** and **VENUWORKS** will conduct an inventory of Facility equipment to be used by **VENUWORKS** during this Agreement.

3.3.20 Facility Leasing. **VENUWORKS** shall be responsible for all aspects of leasing the office and retail portions of the Facility. Leases shall be subject to approval by the Authority.

3.3.21 Point of Sale. **VENUWORKS** shall provide a cost effective solution to recording point of sale transactions utilizing, utilizing equipment and systems such as the iPad -- Square or similar technology. It is understood that the Rialto volunteers will underwrite the purchase of this equipment which shall then be the Property of the Authority.

3.4 Written Powers Reserved to AUTHORITY. **AUTHORITY** shall have right of prior written approval in connection with the following:

- (a) The Annual Budget.
- (b) The Business Plan, as defined herein.
- (c) Any expenditure for personnel or equipment in excess of budget.
- (d) Any booking of events not within the parameters of the Booking Policy of **AUTHORITY** funds.
- (e) Leases of Facility space.
- (f) All Naming Rights Agreements for the facility or any portions thereof.

(g) Any other power reserved to the Authority in this Agreement.

As used herein the phrase “**AUTHORITY** approval” shall mean approval by the Board of Directors of **AUTHORITY** or **AUTHORITY** Executive Committee, if expressly authorized to grant each approval by **AUTHORITY** Board of Directors.

- 3.5 Relationship of Parties. **VENUWORKS** is an independent contractor of **AUTHORITY** and shall not be deemed to be an employee, joint venturer, or partner of **AUTHORITY** except for those matters which are specifically addressed in this Agreement.
- 3.6 Business Plan. **VENUWORKS** shall submit to **AUTHORITY** a complete business plan for each fiscal year (the "Business Plan") to be adopted by **AUTHORITY** and followed by **VENUWORKS**. The Business Plan shall be subject to the prior written approval of **AUTHORITY**. The Business Plan shall be a marketing plan and a projection of Revenues and Operating Expenses for the year and shall include an analysis of the basis and assumptions underlying each line item of Revenues and Operating Expenses. The Business Plan shall include a projection of the minimum number of main stage ticketed events that **VENUWORKS** shall cause to occur in the fiscal year. For the fiscal year beginning July 1, 2017, the minimum number shall be sixty-five (65) main stage ticketed events. In subsequent years, the minimum number of main stage ticketed events shall be projected in the Business Plan by **VENUWORKS**, and subject to the approval of the **AUTHORITY**. **VENUWORKS** shall submit a Business Plan on an annual basis and shall deliver the same to **AUTHORITY** simultaneously with the delivery of the Annual Budget. The Business Plan shall in no way become a performance obligation for either **AUTHORITY** or **VENUWORKS** but serve as a management blueprint to monitor **VENUWORKS'** performance.
- 3.7 Relationship with **AUTHORITY**: **VENUWORKS** shall provide all of its Management Services in a manner which shall ensure full compliance with all **AUTHORITY** requirements.
- 3.8 Compliance with Law. **VENUWORKS** represents that it has reviewed the Act and is familiar with the requirements of the Act with respect to letting of contracts and other matters and shall comply with all provisions of the Act and applicable laws.
- 3.9 Joliet Intergovernmental Agreement. **VENUWORKS** represents that it has reviewed the IGA and is familiar with its requirements and shall comply with the requirements of the IGA.

ARTICLE 4

ANNUAL BUDGET

4.1 Delivery of Budget On the date set forth in 5.3 each year during the term, **VENUWORKS** shall submit to **AUTHORITY** a proposed annual operating budget for the ensuing year, listing all projected Revenues and Operating Expenses by category, broken down by month, with explanations and assumptions for each Revenue and Operating Expense line item. The Parties shall cooperate to propose and approve an "Interim Budget" to cover the period from the Commencement Date to June 30, 2017.

4.2 Review of Budget. The proposed annual budget shall be reviewed by **AUTHORITY** in accordance with **AUTHORITY'S** budget development schedule. Upon approval by **AUTHORITY**, the proposed annual budget shall become the final annual budget (the "Annual Budget") for the year. If **AUTHORITY** objects to the proposed annual budget or any part thereof, **VENUWORKS** shall be obligated to promptly respond to each such objection and revise the proposed annual budget in connection therewith.

4.3 Revision of Annual Budget. **AUTHORITY** may revise the Annual Budget at any time, working in cooperation with **VENUWORKS**.

4.4 Certified Statements. **VENUWORKS** shall deliver to **AUTHORITY**, within twenty (20) days after the end of each calendar month and within forty-five (45) days after the end of each fiscal year, a true and correct statement, certified as true and correct by **VENUWORKS** Facility Executive Director, of all Revenues and Operating Expenses of the preceding calendar month and fiscal year, together with any reasonable supporting documentation requested by **AUTHORITY**. **VENUWORKS** shall provide an accounting of each event held at the Facility in said monthly reports for the preceding calendar month. **VENUWORKS** and the Authority shall cooperate to agree upon the format and information presented in such statements.

ARTICLE 5

THE MANAGEMENT FEES

5.1 Base Management Fee. For the period beginning with the Commencement Date, and continuing through year one of the Agreement, **AUTHORITY** shall pay **VENUWORKS** a base management fee of \$9,500 per month (\$114,000 annually). The first month fee shall be prorated for the partial month. Commencing July 1, 2018 and in subsequent years, the base fee amount shall be increased by a percentage equal to the increase in the Consumer Price Index for the previous year. For clarification, the Consumer Price Index shall be defined as the percentage change in the CPI-U index for the Joliet, IL area as published by the US Bureau of Labor Statistics for the preceding 12 months. Should the CPI-U index have a negative growth rate, base management fees will not increase and will remain the same as the prior contract year.

5.2 Variable Management Fee: **AUTHORITY** shall pay to **VENUWORKS** a Variable Management Fee, over and above the Base Management Fee, equal to;

- Five Percent (5%) of Food & Beverage (F&B) Sales, net of sales taxes. . For clarification, F&B Sales will include revenues from all food, concessions, beer, liquor, wine, non-alcoholic beverages collected by **VENUWORKS**. The F&B Sales shall not include F&B commissions paid to a caterer or other third party provider.
- Ten Percent (10%) of Revenues realized by the Facility from Advertising Sales, Sponsorships, Pouring Rights, and Naming Rights as secured by VenuWorks. VenuWorks will not collect a commission on existing contracts, but until termination of this Agreement will collect a commission on new contracts and renewal contracts secured on or after April 1, 2017.

5.3 Budget Timing: **AUTHORITY** and **VENUWORKS** will work to establish a mutually agreeable Annual Budget for each fiscal year of the contract term. The first fiscal year will be a "stub-year" beginning on February 6, 2017 and ending on June 30, 2017. The second year, and all subsequent years will begin on July 1st and end on June 30. The proposed annual budget shall be reviewed by **AUTHORITY** in accordance with **AUTHORITY'S** budget. Upon final approval by **AUTHORITY**, the proposed annual budget shall become the final annual budget (the "Annual Budget") for the year.

5.5 Disincentive Fee. Should **VENUWORKS** fail to meet the budgetary target for a given fiscal year, it will refund the shortfall up to the amount of the total Variable Management Fee as defined

above. For clarification, the budgetary target will be defined as the Net Ordinary Income/Loss prior to debt service, depreciation, amortization, and interest expense. Revenues not generated by **VENUEWORKS**, including revenues from governmental sources (i.e. City subsidy), endowments, contributions, grants not related to specific events, and sponsorships not related to specific programming, whether from individuals, businesses, governmental agencies, foundations, charitable trusts, or the Rialto Foundation, will not be included in the budgeting target, and **VENUEWORKS** will not be responsible for generating revenues from these sources. By way of example, if the budgetary target is agreed upon to be a loss of \$500,000 and the actual operating loss is \$550,000 **VENUEWORKS** will refund to **AUTHORITY** the amount of the budgetary shortfall (\$50,000) up to an amount equal to the total of the Variable Management Fees earned for the fiscal year. Should **VENUEWORKS** and **AUTHORITY** fail to reach a mutually agreeable Annual Budget for any year during the term of the management agreement, the budgetary target will be defined as equal to the average Net Operating Loss for the last three (3) previously completed fiscal years prior to the Commencement Date.

5.6 Capital Investment: Either Party may make capital investments in the Facility.

5.6.1 The Parties acknowledge that **VENUEWORKS** may at some point in the initial term of the Agreement make a capital investment, in the form of an interest free loan to **AUTHORITY**, for the purpose of purchasing food and beverage equipment. Specific terms of investment, including the approval of items to be purchased with the funds from **VENUEWORKS** will be determined to the mutual satisfaction of both **VENUEWORKS** and the **AUTHORITY**.

5.6.2 **AUTHORITY** may make capital investments in the Facility from time to time, to fund equipment or alterations to spaces as part of a tenant long term lease, in which case the annual debt service to finance such alterations may become an operating expense in future operating budgets, as determined by the **AUTHORITY** in consultation with **VENUEWORKS**.

5.7 REPAYMENT OF LOAN. In the event of an investment by **VENUEWORKS**, the **AUTHORITY** will repay **VENUEWORKS** for the actual principal investment amount over the course of the remaining term of the Agreement in equal monthly payments. However, loan

payments will not be counted as an expense to the budgetary target for calculating the **VENUWORKS** Disincentive Fee as defined above. In the event the management agreement with **VENUWORKS** would be terminated for any reason prior to the end of the initial term, the unpaid amount of the interest free loan would become immediately due and payable to **VENUWORKS**.

5.7.1 The parties recognize the equipment purchased through the Capital Investment will serve as collateral towards the loan and the parties will execute a separate promissory note and Uniform Commercial Code filings for the principal of the loan which will then be an Exhibit to the management agreement.

5.5.2 **VENUWORKS** may, in its sole discretion, assign the **AUTHORITY**'s obligation to repay the principal of the Capital Investment loan to the financial institution selected by **VENUWORKS** to finance the investment.

ARTICLE 6

PAYMENT OF MANAGEMENT FEES, AND OPERATING EXPENSES

6.1 Deposit of Funds. On the first business day of each month during the term and any renewal term of this Agreement, **AUTHORITY** will deposit the following sums into **AUTHORITY** Operating Account:

- (a) to the extent funds are available, an amount equal to the estimated deficit, if any, as defined below, for such month as set forth in the Annual Budget; and
- (b) the Base Management Fee with respect to the current calendar month, and Variable Management Fee, payable with respect to the preceding calendar month.

6.2 **VENUWORKS** Fees The Base Management Fee and the Variable Management Fee will be paid to **VENUWORKS** as follows: **VENUWORKS** will invoice **AUTHORITY** on a monthly basis. **AUTHORITY** will, within fifteen (15) days of receipt, pay the Base Management Fee. Variable Management fees will be billed with respect to the prior calendar month, and will be paid within fifteen (15) days after **AUTHORITY**'S next Regular Board Meeting.

6.3 Insufficient Funds. In the event that **AUTHORITY** Operating Account is insufficient to cover the Operating Expenses plus the Base Management Fee and any Variable Fee, if any, due and

payable during a month (the "Monthly Deficiency"), then the Monthly Deficiency shall be paid by **AUTHORITY** into **AUTHORITY** Operating Account not later than five (5) working days after **AUTHORITY'S** receipt of the Monthly Statement. If the amounts deposited by **AUTHORITY** in **AUTHORITY** Operating Account exceeded the amounts required to pay the Operating Expenses plus the Fees in any month such positive balance shall be credited against **AUTHORITY'S** obligation to make future deposits into **AUTHORITY** Operating Account.

6.4 Monthly Meetings. Representatives of **VENUWORKS'** on-site management and **AUTHORITY** shall meet each month to review revenues and operating expenses for the prior calendar month. **VENUWORKS** corporate representatives shall meet quarterly with **AUTHORITY** to monitor performance and discuss operations.

ARTICLE 7

GENERAL TERMS AND CONDITIONS

7.1 Representation of **AUTHORITY**. **AUTHORITY** hereby represents and warrants to **VENUWORKS**, as an inducement to **VENUWORKS** entering into this Agreement; (1) that it is **AUTHORITY'S** intent that the Facility will be permitted to be open to the paying public on a daily basis in a manner consistent with industry practices, and (2) that **AUTHORITY** Board has sufficient authority to enter into this Agreement.

7.2 Representation of **VENUWORKS**. **VENUWORKS** hereby represents and warrants to **AUTHORITY** on its own behalf and on behalf of its shareholders, officers, directors and employees, that **VENUWORKS** is fully capable of providing services as outlined in this Agreement.

7.3 Standard of Operation. **VENUWORKS** represents and warrants to **AUTHORITY** that it shall maintain an efficient and high quality operation at the Facility comparable to other similar facilities and containing facilities similar to those of the Facility.

7.4 Accounting Records, Reports and Practices.

7.4.1 Maintain Records. **VENUWORKS** shall maintain accounting records relating to the Facility using accounting practices in accordance with generally accepted accounting principles consistently applied.

7.4.2 Internal Financial Controls. **VENUWORKS** shall establish internal financial control policies and practices which are in accordance with generally accepted standards in the industry and reasonably acceptable to **AUTHORITY**.

7.4.3 AUTHORITY Access. **AUTHORITY** shall have unlimited access to all accounting records and supporting documentation of **VENUWORKS** relating to the Facility during the term and any renewal term of this Agreement and for a period of three (3) years thereafter. Such right to access shall be exercised in a reasonable manner.

7.5 Default, Right to Cure. It shall be an event of default ("Event of Default") hereunder if either party hereto:

(i) fails to pay or deposit sums due by one party to the other within seven (7) days after written notice by the other of such failure, or (ii) fails to perform or comply with any other obligation of such party hereunder within thirty (30) days after written notice by the other of such failure (which notice shall specify, in sufficient detail, the specific circumstances so as to give the defaulting party adequate notice and the opportunity to cure the same); provided however, that if the default is of a nature that it cannot be cured within thirty (30) days, then the defaulting party shall not be deemed in default hereunder if it commences to cure the default within ten (10) days after the effective date of the notice of such default and diligently proceeds to cure such default within ninety (90) days after the effective date of notice.

7.6 Jurisdiction and Law. The parties submit to the jurisdiction of the Circuit Court sitting in Will County, Illinois with respect to any claim or proceeding arising out of or related to this Agreement. Illinois law will apply.

7.8 Insurance.

7.8.1 Employment Matters. In connection with the employment of its employees, **VENUWORKS** shall pay all applicable social security, re-employment, worker's compensation or other employment taxes or contributions of insurance, and shall comply with all federal and state laws and regulations relating to employment generally, minimum wages, social security, re-employment insurance and workers' compensation. **VENUWORKS** shall indemnify and hold harmless **AUTHORITY** from all costs, expenses, claims or damages resulting from any failure of **VENUWORKS** to comply with this Section.

7.8.2 Insurance Requirements:

7.8.2.1 Workers Compensation Insurance: **VENUWORKS** shall purchase and maintain during this contract, worker's compensation insurance in accordance with Illinois statutory requirements and employer's liability insurance with limits of not less than \$500,000 per accident and per employee for bodily injury.

7.8.2.2 General Liability Insurance: **VENUWORKS** shall purchase and maintain during this contract, commercial general liability insurance including liquor liability insurance on a per occurrence basis with limits of liability not less than \$1,000,000 per occurrence / \$2,000,000 in aggregate for Bodily Injury, Personal Injury, and Property Damage. Policy coverage shall include Premises and Operations, Products and Completed Operations, less inclusive and no more restrictive than the coverage provided by a standard Commercial General Liability Policy form (ISO CG 00 01 96) with standard Bodily Injury and Property Damage exclusions, and standard Personal and Advertising Injury exclusions. Any additional exclusion shall be clearly identified on the Certificate of Insurance and shall be subject to the approval of **AUTHORITY** and **VENUWORKS**. The insurance required by this contract shall be written on non-assessable insurance companies licensed to do business as an admitted carrier in the State of Illinois and currently rated "A" or better by the A.M. Best Company.

7.8.2.3 Automobile Liability Insurance: **VENUWORKS** shall purchase and maintain during this contract, automobile liability insurance on a per occurrence basis with either a combined limit of at least \$1,000,000 per occurrence for bodily injury and property damage. Coverage shall include any owned, all hired and non-owned motor vehicles used in the performance of this contract by **VENUWORKS** or its employees. The insurance required by this contract shall be written on non-assessable insurance companies licensed to do business as an admitted carrier in the State of Illinois and currently rated "A" or better by the A.M. Best

Company.

7.8.2.4 Umbrella and Excess Liability Insurance: **VENUWORKS** shall purchase and maintain during this Agreement an umbrella and excess insurance policy on a per occurrence basis with limits of liability of not less than \$5 million per occurrence / \$5 million in aggregate. Any umbrella and excess insurance shall be written on a per occurrence basis on a pay on behalf form providing the same coverage and endorsements required of the primary policies.

7.8.2.5 Property Insurance: **AUTHORITY** will maintain property insurance coverage on the Facility itself. **VENUWORKS** shall assume all risks for loss of or damage to its own property at the Facility and **VENUWORKS** may maintain such insurance, at its sole expense, as it deems necessary to protect its own property.

7.8.2.6 Subcontractors: **VENUWORKS** shall require all its subcontractors who perform work and / or services under this contract to meet appropriate insurance requirements as reasonably required by **AUTHORITY**

7.8.2.7 Deductibles and Self-Insured Retention: Any policy deductible or self-insured retention must be declared on the Certificate of Insurance and shall be subject to the approval of **AUTHORITY**.

7.8.2.8 Occurrence: Policies shall be written on an occurrence basis to the extent available.

7.8.2.9 Proof of Insurance: **VENUWORKS** shall furnish **AUTHORITY** with Certificates of Insurance and a copy of the policies if requested by **AUTHORITY**. The name of the project or contract shall be listed on the certificates of insurance along with any deductible or self-insured retention. Before commencing any performance under this Contract, **VENUWORKS** shall deliver all the Certificates of Insurance to **AUTHORITY** certifying that the policies stipulated above are in full force and effect. All insurance shall remain in effect during the life of the contract.

7.8.3 Insurance Cancellation or Material Change Notice: The certificates of insurance shall state that the insurance company will provide thirty (30) days written notice prior to cancellations, non-renewal, or material change including reduction of insurance coverage or limits. The notice will be sent to **AUTHORITY**, via certified mail.

7.8.4 Insurance Sourcing: **VENUWORKS** shall purchase all policies in a cost effective manner and shall when possible purchase the insurance in conjunction with the insurance for other

facilities so as to reduce costs.

7.8.5 Cooperation: Each party agrees to cooperate fully with the other in promptly providing such insurance underwriting and other information as may be necessary or appropriate to obtaining and maintaining the insurance described herein. The parties further agree to cooperate with the insurance companies and agents by responding promptly to their reasonable requests.

7.8.6 Releases: **VENUWORKS** and **AUTHORITY** expressly waive all rights and claims they may have against the other, their subsidiaries and affiliates for loss or damage arising or resulting from the operation at the Facility caused by fire or other perils, but only to the extent covered by insurance. Each insurance policy procured by **VENUWORKS** and **AUTHORITY** shall affirmatively state that it will not be invalidated because the insured waived its rights of recovery against any party prior to the occurrence of a loss.

7.8.7 Crime Insurance. During the term of this Agreement **VENUWORKS** shall maintain Crime Insurance, with an insurer acceptable to **AUTHORITY** (such acceptance by **AUTHORITY** not to be unreasonably withheld or delayed), providing at least the following coverage in at least the amounts set forth below for each coverage:

- (a) Employee Dishonesty- \$500,000;
- (b) Depositor's Forgery - \$500,000;
- (c) Money & Securities - \$500,000 (each, "Inside" and "Outside")
- (d) Computer Theft - \$500,000;
- (e) Wire Transfer Fraud - \$500,000;

provided, however, that if such coverage is provided on a "blanket" limit basis, a blanket limit of \$500,000 shall be considered to be sufficient to comply with this provision. The policy shall include an endorsement providing that any "employee" of **VENUWORKS** shall not be deemed to also be an "employee" of **AUTHORITY** for purposes of the coverage afforded under the Employee Dishonesty coverage part.

AUTHORITY shall be both a Loss Payee (as its interests may appear) and an Additional Insured under such policy, which policy shall be written to apply to the Crime exposures arising under or in connection with this Agreement, and not to any other unrelated Crime exposures incurred by **VENUWORKS** or **AUTHORITY** under any other similar agreements or otherwise.

7.8.8 Insurance Cost: The cost of providing insurance hereunder shall be an Operating Expense, regardless of which party procures the coverage.

7.8.9 Insurance Terms. Insurance terms not otherwise defined in this Agreement shall be interpreted consistent with insurance industry usage.

7.8.10 Tort Liability Limit Insurance referenced in this Agreement, except Workers Compensation/Employers Liability, shall list both **VENUWORKS** and **AUTHORITY** together with its officers, agents, employees and officials as named insureds.

7.9 Hold Harmless. **VENUWORKS** shall defend, indemnify and save harmless **AUTHORITY**, its officers, directors, trustees, its agents, representatives and any affiliated or related entities, from all liability arising out of the negligent acts or omissions of **VENUWORKS**.

7.10 Damage to and Destruction of the Facility. If all or part of the Facility is rendered unusable by damage from fire and other casualty which, in the reasonable opinion of **AUTHORITY**, cannot be substantially repaired under applicable laws and governmental regulations within 180 days from the date of such casualty (employing normal construction methods without overtime or other premium), then **AUTHORITY** shall notify **VENUWORKS** thereof. In such case, either **AUTHORITY** or **VENUWORKS** may elect to terminate this Agreement as of the date of such casualty by written notice delivered to the other not more than 60 days after receipt by **VENUWORKS** of **AUTHORITY'S** notice concerning the reconstruction.

7.11 Employees.

7.11.1 Employee Transition Period. It is recognized that the Authority has three (3) classes of employees: (i) those covered by the Stagehands Local No. 124 (the "Stagehands"), (ii) those covered by the International Union of Operating Engineers of Chicago Illinois and Vicinity Local No 399 (the "Engineers"), and (iii) those employees not covered by a Collective Bargaining Agreement ("non-union employees"). The Authority shall bargain in good faith with the Stagehands and the Engineers regarding **VENUWORKS** adopting Collective Bargaining Agreement. With respect to the Non-Union employees as successor employees, as soon as practical after the Commencement Date, the Authority shall provide each of the Non-Union employees a Written Notice that their employment with the Authority will terminate thirty (30) days thereafter.

7.11.2 Employees of VENUWORKS. All persons engaged at the Facility in operating any of the services hereunder shall be the sole and exclusive employees of **VENUWORKS** and shall be paid by **VENUWORKS**, except for those individuals employed or utilized by subcontractors of **VENUWORKS**, as provided for in this Agreement but in no event deemed an

employee of **AUTHORITY**. **AUTHORITY** will provide at least thirty (30) days' notice to Incumbent Non-Union **AUTHORITY** employees working at the Facility of the change in management and termination of current employment. **VENUWORKS** shall, at its discretion, offer new employment in the Facility by **VENUWORKS**. In connection with the employment of its employees, **VENUWORKS** shall pay all applicable social security, reemployment insurance, worker's compensation or other employment taxes or contributions to insurance plans, and retirement benefits, and shall comply with all federal and state laws and regulations relating to employment generally, minimum wages, social security, reemployment insurance and worker's compensation, and shall defend, indemnify and save **AUTHORITY** harmless from any responsibility therefore. **VENUWORKS** shall comply with all applicable laws, ordinances and regulations including, without limitation, those pertaining to human rights and non-discrimination. In the event that the Authority is not able to negotiate adoption of Collective Bargaining Agreements by **VENUWORKS** as successor employees, after good faith attempts to do so, then in that event, those employees under the Collective Bargaining Agreements shall remain employees of the Authority and the Authority shall be responsible for all financial aspects of their employment subject to those employees being under the direction of **VENUWORKS**. Notwithstanding any provision of this Agreement to the contrary, this Agreement may be canceled or terminated by **AUTHORITY** for a violation of this paragraph.

7.11.3 Employee Expense. All costs of employment of Facility employees incurred by **VENUWORKS** shall be an operating expense of the Facility. **AUTHORITY** and **VENUWORKS** will work together to assure a positive and productive working environment at the Facility.

7.11.4 Employee Standards. **VENUWORKS** will employ trained and neatly uniformed employees and said employees shall conduct themselves at all times in a proper and respectful manner. Any dismissal shall be in accordance with **VENUWORKS'** corporate policy and applicable federal, state or local laws which may be in effect and, further, shall be in compliance with applicable union or labor organizational agreements which may be in effect at the time of said dismissal and **VENUWORKS** shall defend, indemnify and save **AUTHORITY** harmless from any claim, cause of action, expense (including attorneys' fees) lost, cost or damage of any kind or nature arising there from, except in the case of express written direction from **AUTHORITY**.

7.12 Availability of Facility. **VENUWORKS** agrees that, except as a result of full or partial

destruction of the Facility, the Facility will be made available for all events scheduled therein and **VENUWORKS** agrees to defend, indemnify and save **AUTHORITY** harmless from and against any and all claims, causes of action, expenses (including attorneys' fees) losses, costs and damages arising from the failure of the Facility to be available in the condition necessary for the conduct of such events for scheduled events due to the negligence or willful misconduct of **VENUWORKS**, its agents, servants, employees or contractors of any tier, and in such case, **VENUWORKS** shall pay to **AUTHORITY** the estimated Revenues, less Operating Expenses, for such event within five (5) days after the event was to have taken place.

7.13 No Payment by **AUTHORITY**. Notwithstanding anything in this Agreement or exhibits hereto to the contrary, **AUTHORITY** shall not be obligated to reimburse **VENUWORKS** as Operating Expenses or otherwise for costs and expenses (including attorneys, fees) for litigation which is covered by **VENUWORKS'** defense and indemnification obligations set forth in Sections 7.12 and 7.13 above.

7.14 Termination.

7.14.1 Termination for Cause. Either party may terminate this Agreement if the other is in default, and has not met the deadlines for curing, or undertaking steps to cure the default, as described in Section 7.5 of this Agreement. In the event of default, the non-defaulting party shall provide the defaulting party with five business days of its intention to terminate the Agreement due to the uncured default.

7.14.2 Termination without Cause. Either Party may terminate this Agreement without cause effective June 30, 2020 by giving written notice to the other Party not less than sixty (60) days prior to the proposed termination date.

7.14.3 In the event of early termination for any reason, **AUTHORITY** shall pay to **VENUWORKS** all amounts owing hereunder and accrued through the date of termination.

7.15 Compliance with Laws. **VENUWORKS** will comply with all federal, state and local ordinances, statutes, rules and regulations as they relate to the operation of the Facility. **VENUWORKS'** failure to comply with such ordinances, statutes, rules and regulations relating to the Facility shall be an Event of Default under this Agreement and shall entitle **AUTHORITY** to terminate this Agreement pursuant to the provisions of Section 7.5 and 7.14.1 hereof.

VENUWORKS agrees that it shall not be entitled to claim litigation costs (including attorneys' fees) as Operating Expenses pursuant to Subparagraph (1) of Exhibit A with regard to its rules and

obligation to comply with ordinances, statutes, and regulations as set forth herein.

7.16 Non-waiver. The failure of either party at any time to enforce a provision of this Agreement shall in no way constitute a waiver of the provision, nor in any way affect the validity of this Agreement or any part hereof, or the right of such party thereafter to enforce each and every provision hereof.

7.17 Amendment. The parties may amend this Agreement only by written agreement executed by the parties.

7.18 Choice of Law. The laws of the State of Illinois shall govern the rights and obligations of the parties under this Agreement.

7.19 Severability. Any provision of this Agreement decreed invalid by a court of competent jurisdiction shall not invalidate the remaining provisions of this Agreement.

7.20 Notices. Any notice required herein shall be in writing and shall be deemed effective and received (a) upon personal delivery; (b) five (5) days after deposit in the United States mail, certified mail, return receipt requested, postage prepaid; or (c) one (1) business day after deposit with a national overnight air courier, fees prepaid, to **VENUWORKS** or **AUTHORITY** at the following addresses:

If to **AUTHORITY**: WILL COUNTY METROPOLITAN EXPOSITION & AUDITORIUM AUTHORITY
 15 EAST VAN BUREN STREET
 JOLIET, ILLINOIS 60432

If to **VENUWORKS**: **VenuWorks of Joliet, LLC**
 4611 Mortensen Road, Suite 111
 Ames, IA 50014
 Attention: President

Either party may designate an additional or another representative or address for notices upon giving notice to the other party pursuant to this paragraph. For the purposes of this Agreement, "business day" shall mean a day which is not a Saturday, a Sunday or a legal holiday of the United States of America.

7.21 Representatives. **AUTHORITY'S** representative to **VENUWORKS** in connection with Facility operations shall be **AUTHORITY** Board of Directors or its designee, and the **VENUWORKS** representative shall be **VENUWORKS'** on-site Executive Director at the Facility.

7.22 Force Majeure. Neither party shall be obligated to perform hereunder, and neither shall be deemed to be in default, if performance is prevented by fire, earthquake, flood, act of God, riot, civil commotion or other matter or condition of like nature, including the unavailability of sufficient fuel or energy to operate the Facility, or any law, ordinance, rule, regulation or order of any public or military authority stemming from the existence of economic controls, riot, hostilities, war or governmental law and regulations.

7.23 Labor Dispute. In the event of a labor dispute which results in a strike, picket or boycott affecting the Facility or the services described in this Agreement, **VENUWORKS** shall not be deemed to be in default or to have breached any part of this Agreement.

7.24 Reserved

7.25 Integration. This Agreement and all appendices and exhibits hereto embody the entire agreement of the parties relating to the services to be provided hereunder. There are no promises, terms, conditions or obligations other than those contained herein, and this Agreement shall supersede all previous communications, representations or agreements, either oral or written, between the parties hereto.

Exhibits hereby integrated hereto are: Exhibit A: Operating Expenses

If the terms of this Agreement and any exhibit are inconsistent, the terms of the Agreement shall control.

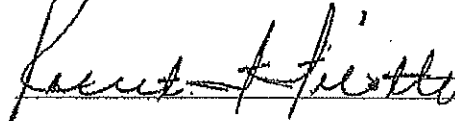
7.26 Section Headings. Section headings in this Agreement are for convenience only and shall have no effect on the interpretation of this Agreement.

7.27 The Agreement entered into between the Authority and **VENUWORKS** entitled Addendum to Interim Theatre Management Agreement dated the 29th day of December 2016 shall terminate on the Commencement Date.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed on the day

and year first above written.

For AUTHORITY



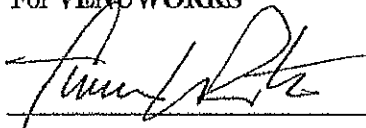
22 FEBRUARY 2017

BY ROBERT F. FILOTTO

DATE

Its CHAIRMAN

For VENUWORKS



Feb 27, 2017

By: Steven L. Peters

DATE

Its: President

Exhibit A

Operating Expenses

1. The term "Operating Expenses" shall mean the following and shall be, in all cases, subject to the Annual Budget:
 - (a) on-the-job payroll cost, including wages, bonuses and severance paid to employees and the cost of paid holidays, vacations, severance benefits, sick leave, employment practices liability, work compensation and other compensation and benefits; cost of training; payroll processing costs;
 - (b) employer contribution cost, in relation to employees carried on the on-the-job payroll mentioned in the foregoing clause (a), of every nature whatsoever, including but not limited to, social security, reemployment insurance, benefits for medical and hospital care, disability, death, termination, retirement or pensions, or insurance or annuity contracts to provide any of the foregoing, and all payments, other than those referred to in the foregoing clause (a), required under any collective bargaining agreement to which **VENUWORKS** is a party, or under any state or federal law or any regulations promulgated there under;
 - (c) cost of medical and security examination for employees on the on-the-job payroll;
 - (d) cost of purchasing, renting, maintaining and cleaning uniforms;
 - (e) cost of equipment, materials and supplies, including the cost of installation thereof;
 - (f) cost of insurance, permits, licenses and fees;
 - (g) cost of property, business, privilege, sales and all taxes other than taxes based on net income, provided that any penalties or fines for failure to collect and remit sales taxes shall not be an Operating Expenses but shall be borne by **VENUWORKS**;
 - (h) cost of marketing, promotions and advertising; cost of travel on behalf of Facility;
 - (i) cost of necessary outside professional services, upon prior written approval by **AUTHORITY**;
 - (j) cost of the Commodities, (i.e. food staffs' purchased for resale to the public)
 - (k) cost of utilities;
 - (l) Except for matters for which **VENUWORKS** is required to defend, indemnity, hold harmless the Authority litigation expenses or other costs (including attorneys' fees) incurred

by **VENUWORKS** in connection with any proceeding; provided however that **AUTHORITY** shall not be obligated to pay any such fees or costs (including attorneys' fees) unless prior to incurring any legal expense (including attorneys' fees), **VENUWORKS** shall consult with **AUTHORITY**, and **AUTHORITY** and **VENUWORKS** shall jointly determine the course of action (including payment obligations thereof) to be taken with regard to any claim made against **VENUWORKS** or **AUTHORITY** (concerning the Facility) or to be made by **VENUWORKS** or **AUTHORITY**.

- (m) cost of new or replacement equipment and the installation of that equipment;
- (n) cost of replacements of pots, pans, dishes, linens, uniforms, silverware and glassware necessary for the operation of the Concessions;
- (o) cost of ordinary maintenance and repair of the Facility and the equipment, Additional Equipment and replacements thereof;
- (p) cost of ordinary housekeeping of the Facility;
- (q) all costs related to **VENUWORKS** corporate staff travel, lodging, and supply costs incurred in connection with servicing **AUTHORITY'S** needs at Facility;
- (r) all other expenses not specifically set forth in this Exhibit but not including the cost of home office overhead relating to the services provided by **VENUWORKS** hereunder, subject to **AUTHORITY'S** prior written approval of any such expense, which approval shall not be unreasonably withheld or denied.
- (s) Cost of annual debt service on capital improvements to the Facility as approved by the **AUTHORITY**.