

Agenda Item #: **34-7**

PALM BEACH COUNTY
BOARD OF COUNTY COMMISSIONERS
AGENDA ITEM SUMMARY

Meeting Date:	September 22, 2015	<input checked="" type="checkbox"/> Consent	<input type="checkbox"/> Regular
		<input type="checkbox"/> Ordinance	<input type="checkbox"/> Public Hearing
Department:	Facilities Development & Operations		

I. EXECUTIVE BRIEF

Motion and Title: Staff recommends motion to:

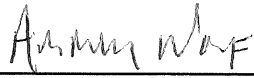

- A) **Approve** First Amendment to the Developer Agreement (R2015-1071) with HW Spring Training Complex, LLC ("LLC") to develop and operate a two team Major League Baseball spring training complex;
- B) **Approve** First Amendment to the Sport Facility Use Agreement (R2015-1072) with HW Spring Training Complex, LLC ("LLC") to develop and operate a two team Major League Baseball spring training complex;
- C) **Receive and file** the guaranty required by Exhibit I-1 of the Developer Agreement, including the statement of net worth; and
- D) **Receive and file** the guaranty required by Exhibit I-2 of the Developer Agreement, including the statement of net worth.

Summary: The First Amendment to the Developer Agreement and the First Amendment to the Sports Facility Use Agreement generally; 1) make changes required by Major League Baseball to secure their approval of the Agreements, 2) clarify the interest election provision for consistency with the termination and reimbursement provisions, 3) clarify the conditions precedent to issuance of the County bonds as they relate specifically to the Interlocal Agreement with the City of West Palm Beach (R2015-1070) related to the exchange of properties (Interlocal Agreement), 4) correct scrivener's errors, and 5) make various grammatical changes. These modifications do not change the intent of key business terms nor have any fiscal impact. Effective September 22, 2015, the two guaranties which are the subject of Motions C and D, guarantee all obligations of the Developer and Sports Facility Use Agreements. These guaranties replace the limited guaranties provided with the Due Diligence and Planning Services Agreement (R2015-0358). **(FDO Admin) Countywide/District 7 (MWJ)**

Background and Justification: As part of the process for preparing the findings and documents necessary to fulfill the conditions precedent to the issuance of the County Bonds, County Staff and the LLC identified various changes that needed to be made to the Developer and Sport Facility Use Agreement (Agreements) to clarify potentially inconsistent language and incorporate changes necessary to secure the approval of Major League Baseball. Major League Baseball requires; 1) changes to definitions and references relating to Major League Baseball, 2) modified references to MLB rules and regulations, and 3) updates to terminology.

The Amendments clarify that the Agreements are in effect as of the date of execution and that the first condition precedent (of each Agreement) will remain unsatisfied until; 1) October 2, 2015 without the requirement for a referendum in relation to the exchange of properties set forth in the Interlocal Agreement, or 2) a referendum fails, if required. This clarification also required a modification to the termination and interest election provisions to reflect 100% reimbursement of the County, by the LLC, in the event that the Interlocal Agreement is terminated or in the event that a referendum is required and passes. These Amendments clean up the Agreements to reflect the intent as negotiated.

- Attachments:**
- 1. First Amendment Developer Agreement
 - 2. First Amendment Sports Facility Use Agreement
 - 3. Guaranty – Houston Astros
 - 4. Guaranty – Washington Nationals

Recommended By:		9/14/15
	Department Director	Date
Approved By:		9/21/15
	County Administrator	Date

II. FISCAL IMPACT ANALYSIS

A. Five Year Summary of Fiscal Impact:

Fiscal Years	2015	2016	2017	2018	2019
Capital Expenditures	_____	_____	_____	_____	_____
Operating Costs	_____	_____	_____	_____	_____
External Revenues	_____	_____	_____	_____	_____
Program Income (County)	_____	_____	_____	_____	_____
In-Kind Match (County)	_____	_____	_____	_____	_____
NET FISCAL IMPACT	=====	=====	=====	=====	=====
# ADDITIONAL FTE POSITIONS (Cumulative)	_____	_____	_____	_____	_____

Is Item Included in Current Budget: Yes _____ No _____

Budget Account No: Fund _____ Dept _____ Unit _____ Object _____
Program _____

B. Recommended Sources of Funds/Summary of Fiscal Impact: There is no fiscal impact to this item.

C. Departmental Fiscal Review: _____

III. REVIEW COMMENTS

A. OFMB Fiscal and/or Contract Development Comments:

Shen, Ben
OFMB ~~HP~~ ~~9/17~~ ~~9/17/15~~
Barbara Wheeler 9-21-15
for Contract Development and Control
amendments not executed
at time of review

B. Legal Sufficiency:

[Signature] 9/21/15
Assistant County Attorney

C. Other Department Review:

Department Director

This summary is not to be used as a basis for payment.

**FIRST AMENDMENT
TO DEVELOPER AGREEMENT**

This First Amendment to the Developer Agreement (R2015-1071) (the "First Amendment") is made and entered into as of the _____ day of _____, 2015 by and between Palm Beach County, Florida, a political subdivision of the State of Florida, (the "County") and HW Spring Training Complex, LLC, a Florida Limited Liability Company (the "LLC"). The County and LLC are hereinafter sometimes referred to as the "Parties".

WHEREAS, the County and the LLC entered into that certain Developer Agreement dated August 18th, 2015 (R2015-1071) (the "Agreement"); and

WHEREAS, the County and the LLC are desirous of amending said Agreement as hereinafter set forth.

NOW THEREFORE, for and in consideration of the mutual consideration provided herein, the Parties, intending to be legally bound hereby agree as follows:

1. The definition of Interest Election set forth in Article 2 of the Agreement is hereby deleted in its entirety and replaced with the following new definition:

"Interest Election" shall mean the LLC's option, available at the time of County Bond sale only if the true interest cost exceeds 4.78%, to either; 1) authorize the County to issue the County Bonds and to increase the LLC's annual Facility Use Fee, Parking Area Fee and Concession License Fee payments pro rata in an amount equal to the aggregate additional true interest cost of the County bonds allocable to the LLC due to the higher true interest costs, or 2) elect to terminate the Agreement and reimburse County, either a) 50% of the Actual Costs at the date of termination if no referendum is required pursuant to Section 2-31(27)(f) of the City Code of Ordinances, or b) 100% of the Actual Costs at the date of termination during or after a Referendum Period.
2. The definition of "Referendum Period" is hereby added to Article 2 of the Agreement as follows:

"Referendum Period" shall mean the period of time beginning October 2, 2015 if a referendum is required pursuant to Section 2-31(27)(f) of the City Code of Ordinances and ending on the date at which a referendum is held and the results finally determined
3. The definition of "Stadium" set forth in Article 2 of the Agreement is hereby deleted in its entirety and replaced with the following new definition:

"Stadium" shall mean the improvement designed and constructed for Major League Baseball within the Facility in which the Teams will conduct MLB Spring Training Home Games, as that term is defined in the Sports Facility Use Agreement.

4. Section 10.2(B) of the Agreement is hereby deleted in its entirety and replaced with the following new Section 10.2(B):

“B. Pursuant to the Interest Election, subject to the LLC reimbursing the County fifty percent (50%) of the Actual costs paid to the LLC pursuant to the Due Diligence Agreement and this Agreement. Notwithstanding the prior sentence, if the election occurs after all conditions precedent to issuance of County Bonds have been fulfilled except that a referendum is required pursuant to Section 2-31(27)(f) of the City Code of Ordinances, and the election occurs during or after a Referendum Period, then the LLC shall reimburse the County 100% of the Actual Costs at the date of termination.”
5. Section 10.5 of the Agreement is hereby deleted in its entirety and replaced with the following new Section 10.5:

“10.5 The Sports Facility Use Agreement shall terminate simultaneously with the termination of this Agreement pursuant to Sections 10.1(b) or (c), 10.2, or 10.3 hereof, subject to the survival of any provisions which either specifically survive termination or which, by their nature are intended to survive. Termination shall be effective on the Effective Termination Date.”
6. Section 12.1.1(B) of the Agreement is hereby deleted in its entirety and replaced with the following new Section 12.1.1(B):

“B. Commercial General Liability. Coverage shall have minimum limits of \$5,000,000 per occurrence and \$10,000,000 in the aggregate for Bodily Injury Liability and Property Damage Liability, which limit can be evidenced by any combination of primary and excess coverage. This shall include Premises and Operations; Personal and Advertising Injury; Independent Contractors; Products and Completed Operations; Contractual Liability; Liquor Liability; and Athletic Participation coverage.”
7. Section 12.2.1(B) of the Agreement is hereby deleted in its entirety and replaced with the following new Section 12.2.1(B):

“B. Commercial General Liability. Coverage shall have minimum limits of \$5,000,000 per occurrence and \$10,000,000 in the aggregate for Bodily Injury Liability and Property Damage Liability, which limit can be evidenced by any combination of primary and excess coverage. This shall include Premises and Operations; Personal and Advertising Injury; Independent Contractors; Products and Completed Operations; Contractual Liability; Liquor Liability; and Athletic Participation coverage.”
8. The first sentence of Section 17.1 and Section 17.1(A) are hereby deleted in their entirety and replaced with the following:

17.1 The obligations of the County to issue County Bonds is expressly subject to each of the following conditions precedent having been satisfied:

A. The full execution and effectiveness of the Operative Agreements including, specifically, the effectiveness of the Interlocal Agreement without the need for a referendum pursuant to Section 2-31(27)(f) of the City Code of Ordinances. For clarity, in the event a referendum is required and the referendum passes, then the condition precedent set forth in Section 17.1(A) will remain unsatisfied. If a referendum is required and fails, then said condition precedent shall be deemed satisfied as long as said referendum occurs within the timeframe set forth herein or any extension agreed to by the parties;

9. Except as expressly modified herein, all other terms and conditions of the Agreement remain in full force and effect and are in accordance with the terms thereof.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to be executed in several counterparts, each of which shall constitute an original and all of which, taken together, shall constitute a single instrument, as the day first written above.

ATTEST:
SHARON R. BOCK
CLERK & COMPTROLLER

PALM BEACH COUNTY, a political
subdivision of the State of Florida

By: _____
Deputy Clerk

By: _____
Shelley Vana, Mayor

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

APPROVED AS TO TERMS AND
CONDITIONS

By: _____
County Attorney

By: _____
Audrey Wolf, Director
Facilities Development & Operations

WITNESSES:

**HW SPRING TRAINING COMPLEX, LLC, a
Florida Limited Liability Company**

By: _____
Witness Signature

By: _____
Arthur Fuccillo, Manager

Print Witness Name

By: _____
Witness Signature

Print Witness Name

WITNESSES:

**HW SPRING TRAINING COMPLEX, LLC,
a Florida Limited Liability Company**

By: _____
Witness Signature

By: _____
Giles Kibbe, Manager

Print Witness Name

By: _____
Witness Signature

Print Witness Name

**FIRST AMENDMENT
TO
SPORTS FACILITY USE AGREEMENT**

This First Amendment to the Sports Facility Use Agreement (R2015-1072) (this "First Amendment") is made and entered into as of the _____ day of _____, 2015 by and between Palm Beach County, Florida, a political subdivision of the State of Florida, (the "County") and HW Spring Training Complex, LLC, a Florida Limited Liability Company (the "LLC"). The County and LLC are hereinafter sometimes referred to as the "Parties".

WHEREAS, the County and the LLC entered into that certain Sports Facility Use Agreement dated August 18th, 2015 (R2015-1072) (the "Agreement"); and

WHEREAS, the County and the LLC are desirous of amending said Agreement as hereinafter set forth.

NOW THEREFORE, for and in consideration of the mutual consideration set forth herein, the Parties, intending to be legally bound hereby, agree as follows:

1. The definition of "Commissioner" set forth in Article 2 of the Agreement is hereby deleted in its entirety and replaced with the following new definition:

"Commissioner" shall mean the Commissioner of Baseball as elected under the Major League Constitution or, in the absence of a Commissioner, any Person succeeding to the powers and duties of the Commissioner pursuant to the Major League Constitution.

2. The definition of "Grapefruit League Teams" set forth in Article 2 of the Agreement is hereby deleted in its entirety and replaced with the following new definition:

"Grapefruit League Teams" shall mean the Major League Clubs participating in games played in Florida during any Spring Training Season in preparation for the Major League Regular Season.

3. The definition of "Interest Election" set forth in Article 2 of the Agreement is hereby deleted in its entirety and replaced with the following new definition:

"Interest Election" shall mean the LLC's option, available at the time of County Bond sale only if the true interest cost exceeds 4.78%, to either; 1) authorize the County to issue the County Bonds and to increase the LLC's annual Facility Use Fee, Parking Area Fee and Concession License Fee payments pro rata in an amount equal to the aggregate additional true interest cost of the County bonds allocable to the LLC due to the higher true interest costs, or 2) elect to terminate the Agreement and reimburse County, either a) 50% of the Actual Costs at the date of termination if no referendum is required pursuant to Section 2-31(27)(f) of the City Code of Ordinances, or b) 100% of the Actual Costs at the date of termination during or after a Referendum Period.

4. The definition of "Major League Regular Season" set forth in Article 2 of the Agreement is hereby deleted in its entirety and replaced with the following new definition:

"Major League Regular Season" shall mean, for each MLB Championship Season, the period of play each year, which begins on the date of the first Major League Regular Season Game and ends on the date of the last Major League Regular Season Game (including any game played to break a tie pursuant to Major League Rule 33(c)).
5. The definition of "Major League Spring Training Home Games" set forth in Article 2 of the Agreement is hereby deleted in its entirety and replaced with the following new definition:

"Major League Spring Training Home Games" shall mean those games, as determined by MLB, to be played by Major League Clubs at the Facility during the Spring Training Season as the home team.
6. The definition of "Minor League Baseball Season" set forth in Article 2 of the Agreement is hereby deleted in its entirety.
7. The definition of "MLB Entity" set forth in Article 2 of the Agreement is hereby deleted in its entirety and replaced with the following new definition:

"MLB Entity" shall mean each of the BOC, Major League Baseball Enterprises, Inc., Major League Baseball Properties, Inc., The MLB Network, LLC, MLB Advanced Media, L.P., and/or any of their respective present or future affiliates, successors or assigns.
8. The definition of "MLB Governing Documents" set forth in Article 2 of the Agreement shall be amended by deleting subsections (b) and (f) and replacing them with the following new subsections "(b)" and "(f)":
 - (b) the Basic Agreement between the Major League Clubs and the Major League Baseball Players Association,
 - (f) each agency agreement and operating guidelines among the Major League Clubs and any MLB Entity, including, without limitation, the Amended and Restated Agency Agreement, effective as of January 1, 2013, by and among Major League Baseball Properties, Inc., the various Major League Clubs and the BOC (and the Operating Guidelines related thereto).
9. The definition of "Referendum Period" is hereby added to Article 2 of the Agreement as follows:

"Referendum Period" shall mean the period of time beginning October 2, 2015 if a referendum is required pursuant to Section 2-31(27)(f) of the City Code of Ordinances and ending on the date at which a referendum is held and the results finally determined.

10. Section 5.1.2 of the Agreement is hereby deleted in its entirety and replaced with the following new Section 5.1.2:

“5.1.2 The LLC shall cause the Teams to play all of their respective Major League Spring Training Home Games in the Facility during the Spring Training Season of each year during the Term, except (a) to the extent that a Force Majeure Event renders the Facility temporarily or permanently unusable or unsuitable to conduct Major League Spring Training Home Games, subject to the requirements of Article 17 herein, or (b) to the extent the MLB requires the Teams play Major League Spring Training Home Games elsewhere.”
11. Section 5.1.6 of the Agreement is hereby deleted in its entirety and replaced with the following new Section 5.1.6:

“5.1.6 Throughout the Term, the LLC shall be granted, for the LLC and its invitees, access to and egress from the Facility, and the right to enter the Facility to the extent reasonably necessary for the LLC to exercise its rights and perform its obligations under this Agreement.”
12. The last sentence of Section 5.4.1 of the Agreement is deleted in its entirety and replaced with the following:

“Once a Third Party Event is scheduled, it can only be rescheduled or cancelled with the consent of the Third-Party Event applicant.”
13. The second sentence of Section 5.5.1 of the Agreement is hereby deleted in its entirety and replaced with the following:

As such, the Interlocal Agreement limits the use of the Buffer Area for parking to forty (40) days per year (the “Buffer Area Year”) unless extended by mutual agreement of the City and the County.
14. Section 5.5.1.1 of the Agreement is deleted in its entirety and replaced with the following new Section 5.5.1.1:

5.5.1.1 First priority shall be for Major League Spring Training Home Games. On any day during Spring Training Season that does not have a scheduled Major League Spring Training Home Game, the LLC shall manage the parking in such a way that the Buffer Area will only be opened for parking use if all other parking areas are predicted to be full.
15. Section 13.2.1 of the Agreement is deleted in its entirety and replaced with the following new Section 13.2.1:

“13.2.1 Nothing herein shall prohibit or in any way prevent an owner of an interest in a Team (including its successors and assigns) from transferring all or any part of its respective ownership interest, at any time, subject, however, to the continuing obligations of the Team pursuant to the Guaranty set forth in Section

16.7 herein. In addition thereto, the Team itself, at any time, shall have the absolute and unconditional right to transfer its assets, inclusive of the asset representing the MLB franchise and the Team's ownership interest in the LLC, provided, however, the entity assuming the obligations of the transferring Team, or an Affiliate of such entity, meets the net worth requirements of the Guaranty set forth in Section 16.7, and such transfer shall not be effective unless and until the entity acquiring such assets, or its Affiliate, enters into a fully executed assignment and assumption of the Team Guaranty, specifically assuming all obligations secured by the Guaranty relating back to the original Guaranty execution date, and delivers same to the County. Transfer of Team ownership (either by transfer of ownership interest or sale of the MLB franchise by the Team) in no way releases, extinguishes or alters the LLC's responsibilities pertaining to the Operative Agreements. Provided the transferring entity is not in default of the Operative Agreements at the time of transfer, a transfer of an MLB franchise as set forth above and execution of the assignment and assumption agreement, shall release, extinguish and forever discharge the obligations of the transferring ownership entity for any matter attributable to the transferring entity under the Operative Agreements from and after the date of transfer. The County agrees to provide any new owner, or potential acquirer of the Team or its assets (either by transfer of ownership interest or sale of the MLB franchise or interest in the LLC by the Team) with an estoppel certificate within fifteen (15) Business Days of receipt of written request from the LLC, setting forth the status of the Operative Agreements and any default(s) under the Operative Agreements, and if so, summarizing such default(s)."

16. Section 16.2(B) of the Agreement is deleted in its entirety and replaced with the following new Section 16.2(B):

"B. Commercial General Liability. Coverage shall have minimum limits of \$5,000,000 per occurrence and \$10,000,000 in the aggregate for Bodily Injury Liability and Property Damage Liability, which limit can be evidenced by any combination of primary and excess coverage. This shall include Premises and Operations; Personal and Advertising Injury; Independent Contractors; Products and Completed Operations; Contractual Liability; Liquor Liability; and Athletic Participation coverage."

17. The first sentence of Section 19.1 and Section 19.1(A) of the Agreement are hereby deleted in their entirety and replaced with the following:

"19.1 The obligations of the County under this Agreement are expressly subject to each of the following conditions precedent having been satisfied;

- A. The full execution and effectiveness of the Operative Agreements including, specifically, the effectiveness of the Interlocal Agreement without the need for a referendum pursuant to Section 2-31(27)(f) of the City Code of Ordinances. For clarity, in the event a referendum is required and the referendum passes, then the condition precedent set forth

in Section 19.1(A) will remain unsatisfied. If a referendum is required and fails, then said condition precedent shall be deemed satisfied as long as said referendum occurs within the timeframe set forth herein or any extension agreed to by the parties."

18. Sections 19.2.1, 19.2.2 and 19.2.4 of the Agreement are hereby deleted in their entirety.
19. Section 20.1.1(B) of the Agreement is hereby deleted in its entirety and replaced with the following new Section 20.1.1(B):

"B. Pursuant to the Interest Election, subject to the LLC reimbursing the County fifty percent (50%) of the Actual costs paid to the LLC pursuant to the Due Diligence Agreement and this Agreement. Notwithstanding the prior sentence, if the election occurs after all conditions precedent to issuance of County Bonds have been fulfilled except that a referendum is required pursuant to Section 2-31(27)(f) of the City Code of Ordinances, and the election occurs during or after a Referendum Period, then the LLC shall reimburse the County 100% of the Actual Costs at the date of termination."
20. Section 22.1.2 of the Agreement is hereby deleted in its entirety and replaced with the following new Section 22.1.2:

"22.1.2 In the event the LLC fails to make a payment due as set forth in Section 21.1(C), the County shall have the right to: (1) grant the LLC an additional reasonable period of time within which to make the payment, with interest as set forth in Article 6; (2) seek performance pursuant to the Guaranty of each Team as set forth in Section 16.7; or (3) if such payment remains unpaid for ninety (90) days following the date of the notice of failure to pay pursuant to Section 21.1(C), terminate this Agreement by written notice to the LLC and the Teams, effective on the later to occur of (a) the Effective Termination Date, or (b) the 10th day after the last day of the Spring Training Season occurring in the calendar year during which such written notice is delivered to the LLC and the Teams."
21. Section 33.3 of the Agreement is hereby deleted in its entirety and replaced with the following new Section 33.3:

"33.3 Rules and Regulations. Notwithstanding any other provision of this Agreement, this Agreement and any rights or exclusivities granted by the Astros or the Nationals (whether through the LLC or otherwise) hereunder shall in all respects be subordinate to the MLB Rules and Regulations. The issuance, entering into, amendment or implementation of any of the MLB Rules and Regulations shall be at no cost or liability to any MLB Entity or to any individual or entity related thereto. No rights, exclusivities or obligations involving the Internet or any interactive or on-line media (as defined by the applicable MLB Entities) are conferred by this Agreement, except as are specifically approved in writing by the applicable MLB Entities. In the event that any act or omission of the LLC, the Astros and/or the Nationals to comply with the MLB Rules and Regulations

affects the rights of the County under this Agreement or deprives the County of the benefits of this Agreement, the parties will work in good faith to amend the terms of this Agreement to neutralize the effect. The LLC agrees in any event that if compliance by it with MLB Rules and Regulations results in a failure of the LLC to fulfill its obligations under this Agreement, the County may enforce remedies for the LLC's failure to fulfill its obligations as provided in this Agreement."

22. Section 33.4 of the Agreement is deleted in its entirety and replaced with the following new Section 33.4:

"33.4 Territory. The territory within which the County is granted rights is limited to, and nothing herein shall be construed as conferring on the County (or any other party) rights in areas outside of, the Spring Training territory of the Astros or the Spring Training territory of the Nationals, as the case may be, each as established and amended from time to time pursuant to the MLB Rules and Regulations.

23. Except as expressly modified herein, all other terms and conditions of the Agreement remain in full force and effect and are in accordance with the terms thereof.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

IN WITNESS WHEREOF, the Parties hereto have caused this First Amendment to be executed in several counterparts, each of which shall constitute an original and all of which, taken together, shall constitute a single instrument, as the day first written above.

ATTEST:

SHARON R. BOCK
CLERK & COMPTROLLER

PALM BEACH COUNTY, a political
subdivision of the State of Florida

By: _____
Deputy Clerk

By: _____
Shelley Vana, Mayor

APPROVED AS TO FORM AND
LEGAL SUFFICIENCY:

APPROVED AS TO TERMS AND
CONDITIONS

By: _____
County Attorney

By: _____
Audrey Wolf, Director
Facilities Development & Operations

WITNESSES:

**HW SPRING TRAINING COMPLEX, LLC, a
Florida Limited Liability Company**

By: _____
Witness Signature

By: _____
Arthur Fuccillo, Manager

Print Witness Name

By: _____
Witness Signature

Print Witness Name

WITNESSES:

**HW SPRING TRAINING COMPLEX, LLC,
a Florida Limited Liability Company**

By: _____
Witness Signature

By: _____
Giles Kibbe, Manager

Print Witness Name

By: _____
Witness Signature

Print Witness Name

EXHIBIT I-1
HOUSTON ASTROS
PAYMENT AND PERFORMANCE AND CONSTRUCTION GUARANTY

This PAYMENT, PERFORMANCE AND CONSTRUCTION GUARANTY (this "Guaranty") is made as of the 18th day of August, 2015, by the Houston Astros, L.L.C., a Texas Limited Liability Company (the "Guarantor"), in favor of PALM BEACH COUNTY, a political subdivision of the State of Florida (the "County").

RECITALS:

County is contemporaneously herewith entering into the Developer Agreement and the Sports Facility Use Agreement, to provide for the construction, development and operation of the baseball spring training facility (the "Facility") each dated as of the date hereof, and on March 10, 2015 County entered into a Due Diligence and Planning Services Agreement R-2015-0358 (collectively, the "County Documents"), each entered into by and between County and HW Spring Training Complex, LLC, a Florida Limited Liability Company (the "LLC").

In order to induce County to enter into the County Documents and in consideration of the foregoing premises and for other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, Guarantor hereby agrees for the benefit of County as follows:

1. **Incorporation of Recitals.** The recitals set forth above are true and correct and are incorporated herein as if set forth in full.
2. **Defined Terms.** Capitalized terms used herein shall have the meaning set forth herein. Unless the context otherwise requires and except as otherwise provided herein, capitalized terms used herein that are not defined herein shall have the meaning assigned to such terms in the County Documents.
3. **Effective Date.** The Effective Date of this Guaranty shall be September 22, 2015.
4. **Due Diligence Guaranty.** The Guarantor entered into a Due Diligence and Planning Services Guaranty on March 10, 2015 contemporaneously with the Due Diligence and Planning Services Agreement R-2015-0358. Guarantor expressly agrees that, notwithstanding the termination of the Due Diligence and Planning Services Agreement, the Due Diligence and Planning Services Guaranty shall remain in full force and effect until the Effective Date of this Guaranty. Thereafter, this Guaranty replaces and terminates the Due Diligence and Planning Services Guaranty provided by Guarantor.
5. **Payment, Performance, Construction and Operation Guaranty.** Guarantor hereby unconditionally, absolutely and irrevocably guarantees to County all obligations imposed by the County Documents, including, without limitation, the planning, design and permitting of the Project and the completion of construction of the Facility and operation of the Facility pursuant

to the County Documents and the payment and performance of all liabilities, obligations and duties imposed on the LLC under each of the County Documents (collectively "the Obligations") as if Guarantor had executed each such County Document in place of the LLC. As this Guaranty replaces and terminates the Due Diligence Guaranty described in Section 3, this Guaranty shall have a commencement date of March 10, 2015 and shall apply to any Obligations from that date forward. This Guaranty shall not terminate until the payment of all sums and performance of all Obligations, except that, to the extent this Guaranty guarantees performance of Obligations which survive the termination of the County Documents, then this Guaranty shall continue to remain in full force and effect.

6. Security. On or before the Effective Date hereof, the Guarantor shall provide a statement from an independent Certified Public Accounting Firm or other independent third-Person (entity) experienced in appraising sports organizations and properties (an "Appraisal Firm"), which shall be in the form of a letter, on their respective letterhead, certifying or opining that the Guarantor has a current net worth or fair value of equity in excess of One Hundred Million and No/100 Dollars (\$100,000,000). At least once every five years thereafter until expiration of this Guaranty, Guarantor shall provide an updated letter to the County from one of the above possible sources, re-certifying or opining that the Guarantor has a then current net worth or fair value of equity in excess of One Hundred Million and No/100 Dollars (\$100,000,000). Additionally, in any year that a statement as described above, is not due to County, the Guarantor shall provide a statement from an Appraisal Firm or Certified Public Accounting Firm in the form of a letter on letterhead, stating that there have been no material adverse changes in the financial position of the Guarantor that would affect the previously certified minimum net worth or fair value of equity statement set forth above during the last year. Notwithstanding the foregoing, Guarantor shall not be in default or breach of this Section so long as (a) one of the Teams (as defined in the County Documents) has a net worth or fair value of equity of at least One Hundred Million and No/100 Dollars (\$100,000,000); or (b) the Teams together have a net worth or fair value of equity of at least One Hundred Million and No/100 Dollars (\$100,000,000). If the aggregate net worth or fair value of equity of both Teams together is equal to an amount less than One Hundred Million and No/100 Dollars (\$100,000,000), then the Teams will be required, for as long a period as such condition shall exist, to provide one or more irrevocable letters of credit in the amount equal to the difference between the combined aggregate stated net worth or fair value of equity of the Teams and One Hundred Million Dollars (\$100,000,000.00) in the form required by and consistent with Palm Beach County Policy and Procedure Memorandum No. CW-F-055 ("Letter of Credit").

7. Letter of Credit or Payment Bond. Guarantor may, at any time, present a Letter of Credit or Payment Bond in the amounts and according to the requirements set forth above in paragraph 5, instead of providing the CPA Firm or other Person (entity) certification described in paragraph 5, and thereafter Guarantor shall be obligated to maintain either a Letter of Credit or Payment Bond as security for the Guaranty in the amounts as set forth above and consistent with Palm Beach County Policies and Procedures.

8. Proprietary Business Information. To the extent permitted by law, this Guaranty does not provide County with access to any proprietary business or financial information of the Teams.

9. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of Florida.
10. Severability. If any provision of this Guaranty should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Guaranty shall not be affected thereby.
11. Successors and Assigns. This Guaranty shall inure to the benefit of County and County's successors and assigns under any of the County Documents in accordance with the terms thereof, and shall be binding upon Guarantor and its successors and assigns.
12. Waiver of Jury Trial. GUARANTOR HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY COUNTY AGAINST GUARANTOR ON ANY MATTERS ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS GUARANTY.
13. Acceptance of Performance. County agrees to accept performance by Guarantor of all or any of the Obligations to be performed by the LLC under the County Documents with the same force and effect as though performed by the LLC thereunder.
14. Unconditional, Absolute, Irrevocable and Continuing Guaranty. The obligations of Guarantor under this Guaranty shall be unconditional, absolute, irrevocable and continuing, irrespective of the genuineness, validity, regularity or enforceability of the County Documents or any security which may have been given therefor or in connection therewith or any other circumstances which might otherwise constitute a legal or equitable discharge of a surety or guarantor. This Guaranty and the obligations of Guarantor hereunder shall not be affected, impaired, modified or released by reason of; (a) the making by the LLC of any assignment for the benefit of creditors or the bankruptcy or insolvency of the LLC, (b) any action taken by the LLC in any bankruptcy or insolvency proceeding, including, without limitation, disaffirmance or rejection of the County Documents, (c) any default by the LLC under the County Documents, (d) the liquidation or dissolution of the LLC, (e) any change in or termination of Guarantor's relationship to the LLC, (f) the enforcement by County of any of its rights under the County Documents, (g) the sale, conveyance, transfer or assignment by the LLC, of all or any portion of its interest under the County Documents, including, but not limited to, any assignment to an Affiliate of the LLC as authorized by the County Documents, or (h) the transfer by an owner of an interest in the LLC, including its successors and assigns, of all or any part of its ownership interest in the LLC, at any time, to an Affiliate; it being agreed that in the event of any of the foregoing, the liability of Guarantor hereunder shall continue hereunder as if such event had not occurred. County and the LLC, without notice to or consent by Guarantor, may at any time or from time to time enter into such extensions, expansions, amendments, assignments, subleases, or other covenants with respect to the County Documents as they may deem appropriate or desirable, including, without limitation, an expansion of the performance obligations and Guarantor shall not be released thereby, but shall continue to be fully liable for the payment and performance of all obligations as so extended, expanded, amended, assigned, sublet, or otherwise modified.

15. Primary Liability; Performance Guaranty. The liability of Guarantor under this Guaranty shall be primary, direct and immediate, and not conditional or contingent upon pursuit by County of any remedies it may have against the LLC or any other Person with respect to the County Documents or any other agreement, whether pursuant to the terms thereof or by law or pursuant to any other security agreement or guaranty, except for pursuit by County of its remedies against the issuer of the Letter of Credit or Payment Bond securing this Guaranty. Guarantor and County each acknowledge and agree that this Guaranty is a guaranty of performance in respect to the Obligations. Any one or more successive or concurrent actions may be brought hereon against Guarantor with respect to the Obligations, either in the same action or proceeding, if any, brought against the LLC or any other person or entity, or in separate actions as often as County, in its sole discretion, may deem advisable. Guarantor may be joined in any action against the LLC in connection with the County Documents. Recovery may be had by County against Guarantor in any action against Guarantor without County first pursuing or exhausting any remedy or claim against the LLC or any other person or entity, as the case may be, or their respective successors or assigns (except for pursuit by County of its remedies against the issuer of the Letter of Credit or Payment Bond securing this Guaranty) and Guarantor hereby waives any right it may have to require that County seek recovery against any other Person before seeking recovery against Guarantor (except for pursuit by County of its remedies against the issuer of the Letter of Credit or Payment Bond securing this Guaranty). Until termination of this Guaranty in accordance with the provisions hereof, the liability of Guarantor under this Guaranty shall continue after (i) any assignment or transfer by the LLC, or any successor thereof, of any of its interests under the County Documents or (ii) any assignment or transfer by County, or any successor thereof, of any of its interests under the County Documents.
16. Waiver of Presentment, Protest and Notices. Guarantor hereby expressly waives: (a) presentment and demand for payment and protest of nonpayment; (b) notice of acceptance of this Guaranty and of presentment, demand and protest; (c) notice of all indulgences under the County Documents; (d) demand for observance or performance of, or enforcement of, any terms and provisions of this Guaranty or the County Documents; (e) notices of default by or to the LLC under the County Documents; and (f) all other notices and demands otherwise required by law which Guarantor may lawfully waive.
17. No Subrogation. Guarantor shall not enforce any right of subrogation it may now or hereafter have against the LLC by reason of any payments or acts of performance by Guarantor in compliance with the obligations of Guarantor hereunder, and Guarantor shall not enforce any remedy which Guarantor now or hereafter shall have against the LLC by reason of any one or more payments or acts of performance in compliance with the obligations of Guarantor hereunder unless and until all of the Obligations of Guarantor have been fully discharged, performed and satisfied, whereupon Guarantor shall have such subrogation rights as may be allowed under applicable law.
18. No Setoff. No setoff, counterclaim or cross-claim, reduction or diminution of any obligation or any defense of any kind or nature (other than performance of the Obligations) shall be available to Guarantor in any action or proceeding brought by County to enforce the Obligations provided, however, that the foregoing shall not be deemed a waiver of the right of

Guarantor to assert any compulsory counterclaim arising, from a claim brought by County hereunder, nor shall the foregoing be deemed a waiver of or prejudice in any manner whatsoever, Guarantor's right to assert any claim which constitutes a defense, setoff, counterclaim or cross-claim of any nature whatsoever against County in any separate action or proceeding. Guarantor agrees that if at any time all or any part of any amounts at any time received by County from Guarantor or the LLC, or any other Person, as the case may be, for or with respect to the Obligations is or must be rescinded or returned by County by reason of any judgment or decree of any court having jurisdiction (including, without limitation, by reason of the insolvency, bankruptcy or reorganization of Guarantor or the LLC, or any other Person), then Guarantor's obligations hereunder shall, to the extent of the amount rescinded or restored, be deemed to have continued in existence notwithstanding such previous receipt by County and the obligation guaranteed hereunder which was to have been discharged by such rescinded or restored amount shall continue to be effective or reinstated, as the case may be, to the extent of such amount, whether or not this Guaranty has terminated, and the obligations of the Guarantor shall survive the termination hereof.

19. Joint and Several and Cumulative Rights and Remedies. The rights and remedies afforded to County in this Guaranty are cumulative and are not exclusive of any other right or remedy against Guarantor or any other Person provided by law, in equity or under any other agreement or instrument and all such rights and remedies may be exercised singly or concurrently. No delay or omission by County in exercising any such right or remedy shall operate as a waiver thereof. No waiver of any right or remedy hereunder shall be deemed made by County unless in writing and shall apply only to the particular instance specified therein and shall not impair the further exercise of such right or remedy or of any other right or remedy of County, and no single or partial exercise of any right or remedy hereunder shall preclude any other or further exercise thereof or of any other right or remedy. It is understood by the parties that other agreements similar to this Guaranty may, in County's sole discretion, be executed and delivered by other Persons with respect to the County Documents. This Guaranty shall be joint and several and cumulative of any such agreements, and the liabilities and obligations of Guarantor hereunder shall in no event be affected or diminished by reason of such other agreements.

20. Entire Agreement. This Guaranty shall constitute the entire agreement of Guarantor with County with respect to Guarantor's guaranty of the Obligations.

21. Amendment. This Guaranty may not be modified or amended, except by an agreement in writing executed by Guarantor and County.

22. Guarantor's Representations. In order to induce County to enter into this Guaranty, Guarantor represents and warrants to County that as of the date hereof:

- (i) Guarantor is a limited liability company duly organized, validly existing, and in good standing under the law of the State of Texas;
- (ii) Guarantor has the requisite power and authority to enter into and carry out the terms and provisions of this Guaranty, and the execution, delivery, and

- performance of this Guaranty have been duly authorized and approved by all requisite action;
- (iii) This Guaranty constitutes a valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms (subject to any bankruptcy, insolvency, reorganization, receivership, moratorium or similar laws affecting the rights and remedies of creditors general, and subject to the effect of general principles of equity, whether applied by a court of law or equity);
 - (iv) Guarantor's execution and performance of this Guaranty will not result in a breach of violation of, or default under, any laws applicable to Guarantor or any agreement, order, commitment, judgment, or decree by which Guarantor is bound;
 - (v) The person executing this Guaranty on behalf of Guarantor has all requisite authority to do so, as a duly authorized officer of Guarantor; and
 - (vi) Guarantor is solvent and will not be rendered insolvent by reason of this Guaranty.

23. Notices. Whenever it is provided herein that notice, demand, request, consent, approval or other communication shall or may be given to, or served upon, either of the parties by the other, or whenever either of the parties desires to give or serve upon the other any notice, demand request, consent, approval or other communication with respect hereto, each such notice, demand, request, consent, approval or other communication (herein referred to as a "Notice") shall be in writing and shall be effective for any purpose only if given or served by (i) certified or registered U.S. Mail, postage prepaid, return receipt requested, (ii) personal delivery with a signed receipt or (iii) a recognized national courier service, addressed as follows (or to such other addresses as a party may direct by a Notice to the other party hereto):

If to Guarantor: Houston Astros, LLC
501 Crawford Street, Suite 500
Houston, Texas 77002
Attention: Giles Kibbe

with a copy to: Houston Astros, LLC
501 Crawford Street, Suite 500
Houston, Texas 77002
Attention: James R. Crane

If to County: Palm Beach County
301 North Olive Avenue, 11th Floor
West Palm Beach, Florida 33401
Attention: County Administrator

with a copy to: Palm Beach County Attorney's Office
301 North Olive Avenue, Suite 601
West Palm Beach, Florida 33401
Attention: Real Estate

with a copy to:

Facilities Development & Operations
2633 Vista Parkway
West Palm Beach, FL 33411

Any Notice may be given, in the manner provided in this Section 21, on behalf of any party by such party's attorneys as designed by such party by Notice hereunder. Every Notice shall be effective on the date actually received, as indicated on the receipt therefor or on the date delivery thereof is refused by the recipient thereof.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

IN WITNESS WHEREOF, Guarantor, intending to be legally bound, has executed this Guaranty as of the day and year first above written.

WITNESSES:

LD Coffman
Print Name: LD Coffman

HOUSTON ASTROS, L.L.C.
a Texas Limited Liability Company

By: [Signature]

Shawn A. Bels
Print Name: Shawn A. Bels

Name: Giles Kibbe

Title: General Counsel

STATE OF Florida

COUNTY OF Palm Beach

)
)ss:
)

The foregoing instrument was acknowledged before me this 11th day of August, 2015, by Giles Kibbe, as Gen Counsel of the Houston Astros, L.L.C., who is personally known to me or has produced TX Drivers License as identification.

[Signature]
Print Name: _____



Notary Public
TERRY LEE HEARN
NOTARY PUBLIC
STATE OF FLORIDA
Comm# EE858640
Expires 12/19/2016

ADVISORY WORK
FOR
HOUSTON ASTROS, LLC
PREPARED BY



September 10, 2015



SPORTSVALUECONSULTING

September 10, 2015

Mr. Doug Seckel
Vice-President, Finance
Houston Astros, LLC
Minute Maid Park
501 Crawford St.
Houston, TX 77002

RE: Valuation Services

Dear Mr. Seckel:

Pursuant to our engagement letter dated July 30, 2015, we have completed our review as to the fair value measurement or benchmark of the equity of the Houston Astros, LLC ("Client" or "Company").

Scope

Client has requested SVC provide a statement, which shall be in the form of a letter on our letterhead ("Letter") opining whether the Fair Value of the equity of the Client is greater than or less than \$100 million as of July 31, 2015 ("Valuation Date"). The purpose of this Agreement is to meet the requirements set forth in the Guaranty agreement dated August 18, 2015 with Palm Beach County, Florida related to a new spring training facility ("Guaranty Agreement").

This Letter is a Restricted Use Appraisal Report under USPAP Standards as it does not discuss in detail the steps, process and analysis in arriving at our the minimum Fair Value of the equity in the Company; as such these conclusions and opinions may not be fully understood without additional information in our work file.

Definition of Fair Value

According to ASC Topic 820 - *Value Measurements and Disclosures*, "is the price at which an asset or liability could be exchanged in a current transaction between knowledgeable, unrelated willing parties". As outlined in ASC 820-10-30-2, a fair value measurement assumes an asset or liability is exchanged in an orderly transaction, reflecting the exit price that the holder would receive to sell the asset or transfer the liability to a market participant. "A fair value measurement assumes the highest and best use of the asset by market participants, considering the use that is

physically possible, legally permissible, and financially feasible at the measurement date", ASC 820-10-35-10.

Our analysis will reflect assumptions that would be made by market participants if they were to buy or sell each identified asset on an individual asset basis.

Organizational Overview

The Company owns and operates the Major League Baseball franchise, the Houston Astros.

Review Process

In conducting its analysis, SVC performed the following functions:

- Conversations with management to understand changes since the acquisition.
- Reviewed data provided by Client as requested by SVC.
- Reviewed prior transactions of MLB teams utilizing an internal proprietary database.
- Onsite meeting with the Client to understand both historical and future operating performance of the Team, including, among other items, a review of the philosophy on ticket pricing, sponsorships, and player compensation.
- Reviewed the balance sheet dated June 30, 2015 to understand the total debt outstanding as of the Valuation Date. A \$100 million was then added to the debt to arrive at a minimum threshold value for Fair Value comparison.
- Compared a range of value indications for the invested capital of the Client to the minimum threshold.
- Issuance of this Letter.

The estimate of Fair Value of an enterprise or an asset calls for consideration of the three basic approaches to value: the Market Approach, the Income Approach, and the Cost Approach.

The Market Approach uses financial and market data of companies that are engaged in businesses similar to that of the subject company from which prevailing investor attitudes and expectations are developed. The process is essentially a comparison and correlation between the subject company and other similar publicly traded companies. Comparability differences are noted and adjustments are made in order to develop representative market multiples, which in turn, are applied to the subject company's income streams to develop a value indication. Additionally, value indications can be developed by analyzing valuation multiples based on historically similar transactions.

Under the Income Approach, the revenues and expenses of the subject company are projected into the future to derive the projected net discretionary cash flow. Net discretionary cash flow is the cash flow available to the investor. Factors taken into consideration include the cost of capital as of the Valuation Date, the business risks associated with the industry, and the financial risks specifically attached to the subject company.



The Cost Approach is based on the premise that a prudent investor would pay no more for an asset than its replacement or reproduction cost. The cost to replace the asset would include the cost of constructing a similar asset of equivalent utility at prices applicable at the time of the valuation analysis. To arrive at an estimate of the Fair Value of equity using the Cost Approach, the replacement cost new is determined and reduced for depreciation of the asset.

Each of the approaches described above may be used to develop an indication of the Fair Value of equity of a business enterprise; however, the appropriateness of these approaches varies with the type of business being valued.

The Market Approach was selected and utilized as the approach to value given the fact that the best indicator of the Fair Value at which a MLB franchise will trade for, given its uniqueness, has consistently been the most recent transactions for such franchises in the industry, adjusted for time.

The Cost Approach was not utilized, as the Team is a viable entity not capable of being rebuilt or recreated. In addition, this approach was not utilized as one cannot replicate or reproduce an existing MLB franchise, as would be contemplated under the Cost Approach. This approach is typically used for buildings, wherein the cost to replicate or rebuild can be determined.

The Income Approach was not utilized as this approach is typically not utilized in valuing professional sports teams given an increase in player compensation can significantly alter the net cash flow.

Conclusion

Based on our review of the data, discussions with management, and reliance on our proprietary database, it is in our opinion that the Fair Value of the equity of the Company exceeds \$100 million.

Mr. Doug Seckel

Provisions of Report

Page 4

This Report was prepared specifically for the Client and is not to be utilized by any additional party other than Palm Beach County, Florida pursuant to the Guaranty Agreement or for any purpose other than stated herein. The rationale for how SVC arrived at the opinion set forth herein may not be properly without additional information in our work file.

This Report was prepared under the direction of Michael E. Rapkoch, ASA¹. We would be pleased to discuss any of the matters covered in the Report should you have any questions concerning our steps, the facts relied upon or our opinion.

Very truly yours,



Michael Rapkoch, ASA
President
Sports Value Consulting, LLC

¹ Mr. Rapkoch is an Accredited Senior Appraiser with a focus on Business Valuation provided by The American Society of Appraisers. Mr. Rapkoch has been involved in over 100 engagements in professional sports and is the owner/president of Sports Value Consulting, LLC. SVC sole focus is working with in the professional sports industry.



APPRAISER CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no past, present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.



Michael Rapkoch, ASA
President
Sports Value Consulting, LLC

Attachment 1:
Statement of Assumptions and Limiting Conditions

1. Nothing has come to our attention to cause us to believe that the facts and data set forth in this Report are not correct.
2. Provision of valuation recommendations and considerations of the issues described herein are areas of regular valuation practice for which we believe that we have, and hold ourselves out to the public as having, substantial knowledge and experience. The services provided are limited to such knowledge and experience and do not represent audit, advisory or tax-related services that may otherwise be provided by Sports Value Consulting, LLC.
3. No investigation of the title to the subject Client and subject assets has been made, and the owner's claim to the subject Client and subject assets is assumed to be valid. To the extent that Sports Value Consulting, LLC's services include any analysis of assets, properties or business interests, Sports Value Consulting, LLC assumes no responsibility for matters of legal description or title, and Sports Value Consulting, LLC shall be entitled to make the following assumptions: (i) title is good and marketable, (ii) there exist no liens or encumbrances, (iii) there is full compliance with all applicable Federal, state, local and national regulations and laws (including, without limitation, usage, environmental, zoning and similar laws and/or regulations), and (iv) all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any Federal, state, local, or national government, private entity or organization have been or can be obtained or renewed for any use on which Sports Value Consulting, LLC services are to be based.
4. This Report has been prepared solely for the purpose stated, and may not be used for any other purpose. Neither this Report nor any portions hereof may be copied or disseminated through advertising, public relations, news, sales, Securities and Exchange Commission disclosure documents or any other public (or private) media without the express prior written approval of Sports Value Consulting, LLC. Notwithstanding anything contained herein to the contrary, Sports Value Consulting, LLC recognizes and agrees that Client is providing this valuation letter to Palm Beach County; (1) to meet the requirements set forth in an agreement with Palm Beach County, (2) to be filed in the public records of Palm Beach County, and (3) that said document is subject to disclosure, publication and dissemination by Palm Beach County pursuant to Chapter 119, Florida Statutes (Florida's public records laws).
5. Notwithstanding anything contained herein to the contrary, the Client and its officers, directors, employees, representatives, agents and advisers may freely disclose to any and all persons (without limitation) any tax advice, including the tax treatment and tax structure of any transaction, provided to the Client by Sports Value Consulting, LLC, together with all facts that may be relevant to understanding the proposed tax treatment of any transaction and any materials provided by Sports Value Consulting, LLC related to such tax treatment and tax structure. In any event, because all such tax advice is provided solely for the benefit of the Client, the Client shall inform those to whom it discloses such information that they may not rely upon such tax advice for any purpose without the prior written consent of Sports Value Consulting, LLC.
6. The recommendations of fair value contained herein are not intended to represent the values of the subject assets at any time other than the effective date that is specifically stated in this report. Changes in market conditions could result in recommendations of value substantially different than those presented at the stated effective date. We assume no responsibility for changes in market



- conditions or for the inability of the owner to locate a purchaser of the subject assets at the values stated herein.
7. No responsibility is assumed for information furnished by others, including management, and such information is believed to be reliable.
 8. In the course of our analysis, we were provided with written information, oral information, and/or data in electronic form, related to the structure, operation, and financial performance of the subject Client and subject assets. We have relied upon this information in our analyses and in the preparation of this Report and have not independently verified its accuracy or completeness.
 9. Certain historical financial data used in our valuation were derived from audited and/or unaudited financial statements and are the responsibility of management. The financial statements may include disclosures required by generally accepted accounting principles. We have not independently verified the accuracy or completeness of this data provided and do not express an opinion or offer any form of assurance regarding its accuracy or completeness.
 10. The estimates of cash flow data provided by the Client and included herein are solely for use in the valuation analysis and are not intended for use as forecasts or projections of future operations. We have not performed an examination or compilation of the accounting cash flow data in accordance with standards prescribed by the American Institute of Certified Public Accountants, and, accordingly, do not express an opinion or offer any form of assurance on the accounting cash flow data or their underlying assumptions. Furthermore, there will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.
 11. We assume no responsibility for any financial and tax reporting judgments, which are appropriately those of management. It is our understanding that management accepts responsibility for any financial statement and tax reporting issues with respect to the assets covered by our analysis, and for the ultimate use of our Report.
 12. Sports Value Consulting, LLC is not required to furnish additional work or services, or to give testimony, or be in attendance in court with reference to the assets, properties, or business interest in question or to update any report, recommendation, analysis, conclusion or other document relating to its services for any events or circumstances unless arrangements acceptable to Sports Value Consulting, LLC have been separately agreed with the Client.
 13. This presentation does not comprise a Comprehensive Written Business Valuation Report as described in BVS-III, by the Business Valuation Committee of the American Society of Appraisers ("ASA") and approved by the ASA Board of Governors. Sections consisting of descriptions concerning the history and nature of the business, industry and economic outlook and historical financial analysis have been omitted from this presentation. Where applicable, the data underlying these sections will be retained in the working papers and will be made available upon written request.

EXHIBIT I-2
WASHINGTON NATIONALS
PAYMENT AND PERFORMANCE AND CONSTRUCTION GUARANTY

This PAYMENT, PERFORMANCE AND CONSTRUCTION GUARANTY (this "Guaranty") is made as of the 18th day of August, 2015, by the Washington Nationals Baseball Club, LLC, a Washington, DC Limited Liability Company (the "Guarantor"), in favor of Palm Beach County, a political subdivision of the State of Florida (the "County").

RECITALS:

County is contemporaneously herewith entering into the Developer Agreement and the Sports Facility Use Agreement, to provide for the construction, development and operation of the baseball spring training facility (the "Facility") each dated as of the date hereof, and on March 10, 2015, County entered into a Due Diligence and Planning Services Agreement R-2015-0358 (collectively, the "County Documents"), each entered into by and between County and HW Spring Training Complex, LLC, a Florida Limited Liability Company (the "LLC").

In order to induce County to enter into the County Documents and in consideration of the foregoing premises and for other good and valuable consideration, the receipt and legal sufficiency of which is hereby acknowledged, Guarantor hereby agrees for the benefit of County as follows:

1. **Incorporation of Recitals.** The recitals set forth above are true and correct and are incorporated herein as if set forth in full.
2. **Defined Terms.** Capitalized terms used herein shall have the meaning set forth herein. Unless the context otherwise requires and except as otherwise provided herein, capitalized terms used herein that are not defined herein shall have the meaning assigned to such terms in the County Documents.
3. **Effective Date.** This Guaranty shall be effective on September 22, 2015.
4. **Due Diligence Guaranty.** The Guarantor entered into a Due Diligence and Planning Services Guaranty on March 10, 2015 contemporaneously with the Due Diligence and Planning Services Agreement R-2015-0358. Guarantor expressly agrees that, notwithstanding the termination of the Due Diligence and Planning Services Agreement, the Due Diligence and Planning Services Guaranty shall remain in full force and effect until the Effective Date of this Guaranty. Thereafter, this Guaranty replaces and terminates the Due Diligence and Planning Services Guaranty provided by Guarantor.
5. **Payment, Performance, Construction and Operation Guaranty.** Guarantor hereby unconditionally, absolutely and irrevocably guarantees to County all obligations imposed by the County Documents, including, without limitation, the planning, design and permitting of the Project and the completion of construction of the Facility and operation of the Facility pursuant

to the County Documents and the payment and performance of all liabilities, obligations and duties imposed on the LLC under each of the County Documents (collectively "the Obligations") as if Guarantor had executed each such County Document in place of the LLC. As this Guaranty replaces and terminates the Due Diligence Guaranty described in Section 3, this Guaranty shall have a commencement date of March 10, 2015 and shall apply to any Obligations from that date forward. This Guaranty shall not terminate until the payment of all sums and performance of all Obligations, except that, to the extent this Guaranty guarantees performance of Obligations which survive the termination of the County Documents, then this Guaranty shall continue to remain in full force and effect.

6. Security. On or before the Effective Date hereof, the Guarantor shall provide a statement from an independent Certified Public Accounting Firm or other independent third-Person (entity) experienced in appraising sports organizations and properties (an "Appraisal Firm"), which shall be in the form of a letter, on their respective letterhead, certifying or opining that the Guarantor has a current net worth or fair value of equity in excess of One Hundred Million and No/100 Dollars (\$100,000,000). At least once every five years thereafter until expiration of this Guaranty, Guarantor shall provide an updated letter to the County from one of the above possible sources, re-certifying or opining that the Guarantor has a then current net worth or fair value of equity in excess of One Hundred Million and No/100 Dollars (\$100,000,000). Additionally, in any year that a statement as described above, is not due to County, the Guarantor shall provide a statement from an Appraisal Firm or Certified Public Accounting Firm in the form of a letter on letterhead, stating that there have been no material adverse changes in the financial position of the Guarantor that would affect the previously certified minimum net worth or fair value of equity statement set forth above during the last year. Notwithstanding the foregoing, Guarantor shall not be in default or breach of this Section so long as (a) one of the Teams (as defined in the County Documents) has a net worth or fair value of equity of at least One Hundred Million and No/100 Dollars (\$100,000,000); or (b) the Teams together have a net worth or fair value of equity of at least One Hundred Million and No/100 Dollars (\$100,000,000). If the aggregate net worth or fair value of equity of both Teams together is equal to an amount less than One Hundred Million and No/100 Dollars (\$100,000,000), then the Teams will be required, for as long a period as such condition shall exist, to provide one or more irrevocable letters of credit in the amount equal to the difference between the combined aggregate stated net worth or fair value of equity of the Teams and One Hundred Million Dollars (\$100,000,000.00) in the form required by and consistent with Palm Beach County Policy and Procedure Memorandum No. CW-F-055 ("Letter of Credit").

7. Letter of Credit or Payment Bond. Guarantor may, at any time, present a Letter of Credit or Payment Bond in the amounts and according to the requirements set forth above in paragraph 5, instead of providing the CPA Firm or other Person (entity) certification described in paragraph 5, and thereafter Guarantor shall be obligated to maintain either a Letter of Credit or Payment Bond as security for the Guaranty in the amounts as set forth above and consistent with Palm Beach County Policies and Procedures.

8. Proprietary Business Information. To the extent permitted by law, this Guaranty does not provide County with access to any proprietary business or financial information of the Teams.

9. Governing Law. This Guaranty shall be governed by and construed in accordance with the laws of the State of Florida.
10. Severability. If any provision of this Guaranty should be held to be invalid or unenforceable, the validity and enforceability of the remaining provisions of this Guaranty shall not be affected thereby.
11. Successors and Assigns. This Guaranty shall inure to the benefit of County and County's successors and assigns under any of the County Documents in accordance with the terms thereof, and shall be binding upon Guarantor and its successors and assigns.
12. Waiver of Jury Trial. GUARANTOR HEREBY WAIVES TRIAL BY JURY IN ANY ACTION, PROCEEDING, OR COUNTERCLAIM BROUGHT BY COUNTY AGAINST GUARANTOR ON ANY MATTERS ARISING OUT OF OR IN ANY WAY CONNECTED WITH THIS GUARANTY.
13. Acceptance of Performance. County agrees to accept performance by Guarantor of all or any of the Obligations to be performed by the LLC under the County Documents with the same force and effect as though performed by the LLC thereunder.
14. Unconditional, Absolute, Irrevocable and Continuing Guaranty. The obligations of Guarantor under this Guaranty shall be unconditional, absolute, irrevocable and continuing, irrespective of the genuineness, validity, regularity or enforceability of the County Documents or any security which may have been given therefor or in connection therewith or any other circumstances which might otherwise constitute a legal or equitable discharge of a surety or guarantor. This Guaranty and the obligations of Guarantor hereunder shall not be affected, impaired, modified or released by reason of; (a) the making by the LLC of any assignment for the benefit of creditors or the bankruptcy or insolvency of the LLC, (b) any action taken by the LLC in any bankruptcy or insolvency proceeding, including, without limitation, disaffirmance or rejection of the County Documents, (c) any default by the LLC under the County Documents, (d) the liquidation or dissolution of the LLC, (e) any change in or termination of Guarantor's relationship to the LLC, (f) the enforcement by County of any of its rights under the County Documents, (g) the sale, conveyance, transfer or assignment by the LLC of all or any portion of its interest under the County Documents, including, but not limited to, any assignment to an Affiliate of the LLC as authorized by the County Documents, or (h) the transfer by an owner of an interest in the LLC, including its successors and assigns, of all or any part of its ownership interest in the LLC, at any time, to an Affiliate; it being agreed that in the event of any of the foregoing, the liability of Guarantor hereunder shall continue hereunder as if such event had not occurred. County and the LLC, without notice to or consent by Guarantor, may at any time or from time to time enter into such extensions, expansions, amendments, assignments, subleases, or other covenants with respect to the County Documents as they may deem appropriate or desirable, including, without limitation, an expansion of the performance obligations and Guarantor shall not be released thereby, but shall continue to be fully liable for the payment and performance of all obligations as so extended, expanded, amended, assigned, sublet, or otherwise modified.

15. **Primary Liability; Performance Guaranty.** The liability of Guarantor under this Guaranty shall be primary, direct and immediate, and not conditional or contingent upon pursuit by County of any remedies it may have against the LLC or any other Person with respect to the County Documents or any other agreement, whether pursuant to the terms thereof or by law or pursuant to any other security agreement or guaranty, except for pursuit by County of its remedies against the issuer of the Letter of Credit or Payment Bond securing this Guaranty. Guarantor and County each acknowledge and agree that this Guaranty is a guaranty of performance in respect to the Obligations. Any one or more successive or concurrent actions may be brought hereon against Guarantor with respect to the Obligations, either in the same action or proceeding, if any, brought against the LLC or any other person or entity, or in separate actions as often as County, in its sole discretion, may deem advisable. Guarantor may be joined in any action against the LLC in connection with the County Documents. Recovery may be had by County against Guarantor in any action against Guarantor without County first pursuing or exhausting any remedy or claim against the LLC or any other person or entity, as the case may be, or their respective successors or assigns (except for pursuit by County of its remedies against the issuer of the Letter of Credit or Payment Bond securing this Guaranty) and Guarantor hereby waives any right it may have to require that County seek recovery against any other Person before seeking recovery against Guarantor (except for pursuit by County of its remedies against the issuer of the Letter of Credit or Payment Bond securing this Guaranty). Until termination of this Guaranty in accordance with the provisions hereof, the liability of Guarantor under this Guaranty shall continue after (i) any assignment or transfer by the LLC, or any successor thereof, of any of its interests under the County Documents or (ii) any assignment or transfer by County, or any successor thereof, of any of its interests under the County Documents.
16. **Waiver of Presentment, Protest and Notices.** Guarantor hereby expressly waives: (a) presentment and demand for payment and protest of nonpayment; (b) notice of acceptance of this Guaranty and of presentment, demand and protest; (c) notice of all indulgences under the County Documents; (d) demand for observance or performance of, or enforcement of, any terms and provisions of this Guaranty or the County Documents; (e) notices of default by or to the LLC under the County Documents; and (f) all other notices and demands otherwise required by law which Guarantor may lawfully waive.
17. **No Subrogation.** Guarantor shall not enforce any right of subrogation it may now or hereafter have against the LLC by reason of any payments or acts of performance by Guarantor in compliance with the obligations of Guarantor hereunder, and Guarantor shall not enforce any remedy which Guarantor now or hereafter shall have against the LLC by reason of any one or more payments or acts of performance in compliance with the obligations of Guarantor hereunder unless and until all of the Obligations of Guarantor have been fully discharged, performed and satisfied, whereupon Guarantor shall have such subrogation rights as may be allowed under applicable law.
18. **No Setoff.** No setoff, counterclaim or cross-claim, reduction or diminution of any obligation or any defense of any kind or nature (other than performance of the Obligations) shall be available to Guarantor in any action or proceeding brought by County to enforce the Obligations provided, however, that the foregoing shall not be deemed a waiver of the right of

Guarantor to assert any compulsory counterclaim arising from a claim brought by County hereunder, nor shall the foregoing be deemed a waiver of or prejudice in any manner whatsoever, Guarantor's right to assert any claim which constitutes a defense, setoff, counterclaim or cross-claim of any nature whatsoever against County in any separate action or proceeding. Guarantor agrees that if at any time all or any part of any amounts at any time received by County from Guarantor or the LLC, or any other Person, as the case may be, for or with respect to the Obligations is or must be rescinded or returned by County by reason of any judgment or decree of any court having jurisdiction (including, without limitation, by reason of the insolvency, bankruptcy or reorganization of Guarantor or the LLC, or any other Person), then Guarantor's obligations hereunder shall, to the extent of the amount rescinded or restored, be deemed to have continued in existence notwithstanding such previous receipt by County and the obligation guaranteed hereunder which was to have been discharged by such rescinded or restored amount shall continue to be effective or reinstated, as the case may be, to the extent of such amount, whether or not this Guaranty has terminated, and the obligations of the Guarantor shall survive the termination hereof.

19. Joint and Several and Cumulative Rights and Remedies. The rights and remedies afforded to County in this Guaranty are cumulative and are not exclusive of any other right or remedy against Guarantor or any other Person provided by law, in equity or under any other agreement or instrument and all such rights and remedies may be exercised singly or concurrently. No delay or omission by County in exercising any such right or remedy shall operate as a waiver thereof. No waiver of any right or remedy hereunder shall be deemed made by County unless in writing and shall apply only to the particular instance specified therein and shall not impair the further exercise of such right or remedy or of any other right or remedy of County, and no single or partial exercise of any right or remedy hereunder shall preclude any other or further exercise thereof or of any other right or remedy. It is understood by the parties that other agreements similar to this Guaranty may, in County's sole discretion, be executed and delivered by other Persons with respect to the County Documents. This Guaranty shall be joint and several and cumulative of any such agreements, and the liabilities and obligations of Guarantor hereunder shall in no event be affected or diminished by reason of such other agreements.

20. Entire Agreement. This Guaranty shall constitute the entire agreement of Guarantor with County with respect to Guarantor's guaranty of the Obligations.

21. Amendment. This Guaranty may not be modified or amended, except by an agreement in writing executed by Guarantor and County.

22. Guarantor's Representations. In order to induce County to enter into this Guaranty, Guarantor represents and warrants to County that as of the date hereof:

- (i) Guarantor is a limited liability company duly organized, validly existing, and in good standing under the law of the State of Washington, DC;
- (ii) Guarantor has the requisite power and authority to enter into and carry out the terms and provisions of this Guaranty, and the execution, delivery, and

performance of this Guaranty have been duly authorized and approved by all requisite action;

- (iii) This Guaranty constitutes a valid and binding obligation of Guarantor enforceable against Guarantor in accordance with its terms (subject to any bankruptcy, insolvency, reorganization, receivership, moratorium or similar laws affecting the rights and remedies of creditors general, and subject to the effect of general principles of equity, whether applied by a court of law or equity);
- (iv) Guarantor's execution and performance of this Guaranty will not result in a breach of violation of, or default under, any laws applicable to Guarantor or any agreement, order, commitment, judgment, or decree by which Guarantor is bound;
- (v) The person executing this Guaranty on behalf of Guarantor has all requisite authority to do so, as a duly authorized officer of Guarantor; and
- (vi) Guarantor is solvent and will not be rendered insolvent by reason of this Guaranty.

23. Notices. Whenever it is provided herein that notice, demand, request, consent, approval or other communication shall or may be given to, or served upon, either of the parties by the other, or whenever either of the parties desires to give or serve upon the other any notice, demand request, consent, approval or other communication with respect hereto, each such notice, demand, request, consent, approval or other communication (herein referred to as a "Notice") shall be in writing and shall be effective for any purpose only if given or served by (i) certified or registered U.S. Mail, postage prepaid, return receipt requested, (ii) personal delivery with a signed receipt or (iii) a recognized national courier service, addressed as follows (or to such other addresses as a party may direct by a Notice to the other party hereto):

If to Guarantor:

Mark D. Lerner
Vice Chairman & Principal Owner
Washington Nationals Baseball Club
Nationals Park
1500 South Capitol Street, SE
Washington, DC 20003

with a copy to:

Arthur Fuccillo
Executive Vice President
Lerner Enterprises
2000 Tower Oaks Boulevard
Eighth Floor
Rockville, Maryland 20852

If to County:

Palm Beach County
301 North Olive Avenue, 11th Floor
West Palm Beach, Florida 33401
Attention: County Administrator

with a copy to:

Palm Beach County Attorney's Office
301 North Olive Avenue, Suite 601
West Palm Beach, Florida 33401
Attention: Real Estate

with a copy to:

Facilities Development & Operations
2633 Vista Parkway
West Palm Beach, FL 33411

Any Notice may be given, in the manner provided in this Section 21, on behalf of any party by such party's attorneys as designed by such party by Notice hereunder. Every Notice shall be effective on the date actually received, as indicated on the receipt therefor or on the date delivery thereof is refused by the recipient thereof.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

IN WITNESS WHEREOF, Guarantor, intending to be legally bound, has executed this Guaranty as of the day and year first above written.

WITNESSES:

WASHINGTON NATIONALS
BASEBALL CLUB, LLC, a
Washington, DC Limited Liability
Company

[Signature]
Print Name: ARTHUR A. FUCILLA

By: [Signature]

[Signature]
Print Name: ALAN H. GOTTLIEB

Name: MARK D. LEARER
Title: VICE-CHAIRMAN

STATE OF MARYLAND
COUNTY OF MONTGOMERY

)
)ss:
)

The foregoing instrument was acknowledged before me this 11th day of August, 2015, by MARK D. LEARER, as VICE-CHAIRMAN of the Washington Nationals Baseball Club, LLC, who is personally known to me or has produced N/A as identification.

[Signature]
Print Name: ROXANNA WEDDLE
Notary Public

ROXANNA WEDDLE
Notary Public-Maryland
Montgomery County
My Commission Expires
July 29, 2016

4-9/11

ADVISORY WORK
FOR
Washington Nationals Baseball Club LLC

PREPARED BY



September 10, 2015



4-10/16

September 10, 2015

Mrs. Lori Creasy
Chief Financial Officer
Washington Nationals Baseball Club LLC
Nationals Park
1500 South Capitol Street SE
Washington, DC 20003

RE: Valuation Services

Dear Mrs. Creasy:

Pursuant to our engagement letter dated July 30, 2015, we have completed our review as to the fair value measurement or benchmark of the equity of Washington Nationals Baseball Club LLC ("Client" or "Company").

Scope

Client has requested SVC provide a statement, which shall be in the form of a letter on our letterhead ("Letter") opining whether the Fair Value of the equity of the Client is greater than or less than \$100 million as of July 31, 2015 ("Valuation Date"). The purpose of this Agreement is to meet the requirements set forth in the Guaranty agreement dated August 18, 2015 with Palm Beach County, Florida related to a new spring training facility ("Guaranty Agreement").

This Letter is a Restricted Use Appraisal Report under USPAP Standards as it does not discuss in detail the steps, process and analysis in arriving at our the minimum Fair Value of the equity in the Company; as such these conclusions and opinions may not be fully understood without additional information in our work file.

Definition of Fair Value

According to ASC Topic 820 - *Value Measurements and Disclosures*, "is the price at which an asset or liability could be exchanged in a current transaction between knowledgeable, unrelated willing parties". As outlined in ASC 820-10-30-2, a fair value measurement assumes an asset or liability is exchanged in an orderly transaction, reflecting the exit price that the holder would receive to sell the asset or transfer the liability to a market participant. "A fair value measurement assumes the highest and best use of the asset by market participants, considering the use that is

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physically possible, legally permissible, and financially feasible at the measurement date", ASC 820-10-35-10.

Our analysis will reflect assumptions that would be made by market participants if they were to buy or sell each identified asset on an individual asset basis.

Organizational Overview

The Company owns and operates the Major League Baseball franchise, the Washington Nationals.

Review Process

In conducting its analysis, SVC performed the following functions:

- Conversations with management to understand changes since the acquisition.
- Reviewed data provided by Client as requested by SVC.
- Reviewed prior transactions of MLB teams utilizing an internal proprietary database.
- Onsite meeting with the Client to understand both historical and future operating performance of the Team, including, among other items, a review of the philosophy on ticket pricing, sponsorships, and player compensation.
- Reviewed the balance sheet dated June 30, 2015 to understand the total debt outstanding as of the Valuation Date. A \$100 million was then added to the debt to arrive at a minimum threshold value for Fair Value comparison.
- Compared a range of value indications for the invested capital of the Client to the minimum threshold.
- Issuance of this Letter.

The estimate of Fair Value of an enterprise or an asset calls for consideration of the three basic approaches to value: the Market Approach, the Income Approach, and the Cost Approach.

The Market Approach uses financial and market data of companies that are engaged in businesses similar to that of the subject company from which prevailing investor attitudes and expectations are developed. The process is essentially a comparison and correlation between the subject company and other similar publicly traded companies. Comparability differences are noted and adjustments are made in order to develop representative market multiples, which in turn, are applied to the subject company's income streams to develop a value indication. Additionally, value indications can be developed by analyzing valuation multiples based on historically similar transactions.

Under the Income Approach, the revenues and expenses of the subject company are projected into the future to derive the projected net discretionary cash flow. Net discretionary cash flow is the cash flow available to the investor. Factors taken into consideration include the cost of capital as of the Valuation Date, the business risks associated with the industry, and the financial risks specifically attached to the subject company.



The Cost Approach is based on the premise that a prudent investor would pay no more for an asset than its replacement or reproduction cost. The cost to replace the asset would include the cost of constructing a similar asset of equivalent utility at prices applicable at the time of the valuation analysis. To arrive at an estimate of the Fair Value of equity using the Cost Approach, the replacement cost new is determined and reduced for depreciation of the asset.

Each of the approaches described above may be used to develop an indication of the Fair Value of equity of a business enterprise; however, the appropriateness of these approaches varies with the type of business being valued.

The Market Approach was selected and utilized as the approach to value given the fact that the best indicator of the Fair Value at which a MLB franchise will trade for, given its uniqueness, has consistently been the most recent transactions for such franchises in the industry, adjusted for time.

The Cost Approach was not utilized, as the Team is a viable entity not capable of being rebuilt or recreated. In addition, this approach was not utilized as one cannot replicate or reproduce an existing MLB franchise, as would be contemplated under the Cost Approach. This approach is typically used for buildings, wherein the cost to replicate or rebuild can be determined.

The Income Approach was not utilized as this approach is typically not utilized in valuing professional sports teams given an increase in player compensation can significantly alter the net cash flow.

Conclusion

Based on our review of the data, discussions with management, and reliance on our proprietary database, it is in our opinion that the Fair Value of the equity of the Company exceeds \$100 million.

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Mrs. Lori Creasy

Provisions of Report

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This Report was prepared specifically for the Client and is not to be utilized by any additional party other than Palm Beach County, Florida pursuant to the Guaranty Agreement or for any purpose other than stated herein. The rationale for how SVC arrived at the opinion set forth herein may not be properly without additional information in our work file.

This Report was prepared under the direction of Michael E. Rapkoch, ASA¹. We would be pleased to discuss any of the matters covered in the Report should you have any questions concerning our steps, the facts relied upon or our opinion.

Very truly yours,



Michael Rapkoch, ASA
President
Sports Value Consulting, LLC

¹ Mr. Rapkoch is an Accredited Senior Appraiser with a focus on Business Valuation provided by The American Society of Appraisers. Mr. Rapkoch has been involved in over 100 engagements in professional sports and is the owner/president of Sports Value Consulting, LLC. SVC sole focus is working with in the professional sports industry.



APPRAISER CERTIFICATION

I certify that, to the best of my knowledge and belief:

- The statements of fact contained in this report are true and correct.
- The reported analyses, opinions, and conclusions are limited only by the reported assumptions and limiting conditions and are my personal, impartial, and unbiased professional analyses, opinions, and conclusions.
- I have no past, present or prospective interest in the property that is the subject of this report, and I have no personal interest with respect to the parties involved.
- I have no bias with respect to the property that is the subject of this report or to the parties involved with this assignment.
- My engagement in this assignment was not contingent upon developing or reporting predetermined results.
- My compensation for completing this assignment is not contingent upon the development or reporting of a predetermined value or direction in value that favors the cause of the client, the amount of the value opinion, the attainment of a stipulated result, or the occurrence of a subsequent event directly related to the intended use of this appraisal.

My analyses, opinions, and conclusions were developed, and this report has been prepared, in conformity with the Uniform Standards of Professional Appraisal Practice.



Michael Rapkoch, ASA
President
Sports Value Consulting, LLC

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Attachment 1:
Statement of Assumptions and Limiting Conditions

1. Nothing has come to our attention to cause us to believe that the facts and data set forth in this Report are not correct.
2. Provision of valuation recommendations and considerations of the issues described herein are areas of regular valuation practice for which we believe that we have, and hold ourselves out to the public as having, substantial knowledge and experience. The services provided are limited to such knowledge and experience and do not represent audit, advisory or tax-related services that may otherwise be provided by Sports Value Consulting, LLC.
3. No investigation of the title to the subject Client and subject assets has been made, and the owner's claim to the subject Client and subject assets is assumed to be valid. To the extent that Sports Value Consulting, LLC's services include any analysis of assets, properties or business interests, Sports Value Consulting, LLC assumes no responsibility for matters of legal description or title, and Sports Value Consulting, LLC shall be entitled to make the following assumptions: (i) title is good and marketable, (ii) there exist no liens or encumbrances, (iii) there is full compliance with all applicable Federal, state, local and national regulations and laws (including, without limitation, usage, environmental, zoning and similar laws and/or regulations), and (iv) all required licenses, certificates of occupancy, consents, or legislative or administrative authority from any Federal, state, local, or national government, private entity or organization have been or can be obtained or renewed for any use on which Sports Value Consulting, LLC services are to be based.
4. This Report has been prepared solely for the purpose stated, and may not be used for any other purpose. Neither this Report nor any portions hereof may be copied or disseminated through advertising, public relations, news, sales, Securities and Exchange Commission disclosure documents or any other public (or private) media without the express prior written approval of Sports Value Consulting, LLC. Notwithstanding anything contained herein to the contrary, Sports Value Consulting, LLC recognizes and agrees that Client is providing this valuation letter to Palm Beach County; (1) to meet the requirements set forth in an agreement with Palm Beach County, (2) to be filed in the public records of Palm Beach County, and (3) that said document is subject to disclosure, publication and dissemination by Palm Beach County pursuant to Chapter 119, Florida Statutes (Florida's public records laws).
5. Notwithstanding anything contained herein to the contrary, the Client and its officers, directors, employees, representatives, agents and advisers may freely disclose to any and all persons (without limitation) any tax advice, including the tax treatment and tax structure of any transaction, provided to the Client by Sports Value Consulting, LLC, together with all facts that may be relevant to understanding the proposed tax treatment of any transaction and any materials provided by Sports Value Consulting, LLC related to such tax treatment and tax structure. In any event, because all such tax advice is provided solely for the benefit of the Client, the Client shall inform those to whom it discloses such information that they may not rely upon such tax advice for any purpose without the prior written consent of Sports Value Consulting, LLC.
6. The recommendations of fair value contained herein are not intended to represent the values of the subject assets at any time other than the effective date that is specifically stated in this report. Changes in market conditions could result in recommendations of value substantially different than those presented at the stated effective date. We assume no responsibility for changes in market



SPORTSVALUECONSULTING

- conditions or for the inability of the owner to locate a purchaser of the subject assets at the values stated herein.
7. No responsibility is assumed for information furnished by others, including management, and such information is believed to be reliable.
 8. In the course of our analysis, we were provided with written information, oral information, and/or data in electronic form, related to the structure, operation, and financial performance of the subject Client and subject assets. We have relied upon this information in our analyses and in the preparation of this Report and have not independently verified its accuracy or completeness.
 9. Certain historical financial data used in our valuation were derived from audited and/or unaudited financial statements and are the responsibility of management. The financial statements may include disclosures required by generally accepted accounting principles. We have not independently verified the accuracy or completeness of this data provided and do not express an opinion or offer any form of assurance regarding its accuracy or completeness.
 10. The estimates of cash flow data provided by the Client and included herein are solely for use in the valuation analysis and are not intended for use as forecasts or projections of future operations. We have not performed an examination or compilation of the accounting cash flow data in accordance with standards prescribed by the American Institute of Certified Public Accountants, and, accordingly, do not express an opinion or offer any form of assurance on the accounting cash flow data or their underlying assumptions. Furthermore, there will usually be differences between estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material.
 11. We assume no responsibility for any financial and tax reporting judgments, which are appropriately those of management. It is our understanding that management accepts responsibility for any financial statement and tax reporting issues with respect to the assets covered by our analysis, and for the ultimate use of our Report.
 12. Sports Value Consulting, LLC is not required to furnish additional work or services, or to give testimony, or be in attendance in court with reference to the assets, properties, or business interest in question or to update any report, recommendation, analysis, conclusion or other document relating to its services for any events or circumstances unless arrangements acceptable to Sports Value Consulting, LLC have been separately agreed with the Client.
 13. This presentation does not comprise a Comprehensive Written Business Valuation Report as described in BVS-III, by the Business Valuation Committee of the American Society of Appraisers ("ASA") and approved by the ASA Board of Governors. Sections consisting of descriptions concerning the history and nature of the business, industry and economic outlook and historical financial analysis have been omitted from this presentation. Where applicable, the data underlying these sections will be retained in the working papers and will be made available upon written request.