



August 10, 2022

Mr. Steve Parker
City Manager
City of Seguin
205 N. River
Seguin, Texas 78155

Dear Mr. Parker:

This letter (“Letter”) sets forth our understanding of the terms and objectives of the engagement of Conventions, Sports & Leisure International (“CSL”) and the City of Seguin, Texas (“Client”) to conduct a Market Analysis and Feasibility Study for a Hotel Convention Center in Seguin, Texas. This Letter also provides the nature and limitations of the services to be provided and the related fee arrangement.

Scope of Services

CSL will complete the following scope of work. The primary study tasks are outlined below, followed by a more detailed description of the study effort on the subsequent pages.

- Task 1. Market Demand Analysis
- Task 2. Hotel Demand Analysis
- Task 3. Program and Facility Recommendations
- Task 4. Site Evaluation
- Task 5. Feasibility Study
- Task 6. Financing Options
- Task 7. Development Cost Analysis
- Task 8. Economic Impact Study

Based on the research conducted, CSL will prepare both a full written report document and an executive summary designed to convey key findings and recommendations.

As an initial task in the engagement, CSL will work with the Client and other key stakeholders to establish the specific project goals and timeframe. An initial planning meeting will take place to collect pertinent project data and to identify the local organizations, officials and others that CSL will need to meet with at the study’s outset.

CSL will connect with key project stakeholders to obtain background information related to the project. These interviews could include individuals such as elected officials and other Client representatives, organizers of local/regional events, area hotel owners and managers or other local tourism industry representatives, representatives from local schools/universities, hospitality and service industry representatives, and other community groups and stakeholders. These meetings will focus on understanding conditions regarding local market characteristics, facility needs and the opportunities that future investment in a convention center and hotel may represent.

Task 1. Market Demand Analysis

The purpose of this task is to define the market potential for future development of hotel, convention center and other event venue space in Seguin. Specific steps to be undertaken as part of this task are summarized on the subsequent pages.

Step 1 – Existing Conditions Analysis

CSL will inventory and thoroughly analyze existing and planned event facilities and hotels in the Seguin area market, focusing on their sellable space, seating capacity, market focus, location considerations, lodging capacity, parking capacity and other relevant conditions. This will provide an important base of information from which potential market share new to the market can be determined, and how a new venue would impact event and attendance levels at existing properties. CSL will also focus closely on other local market characteristics that can impact the ability to attract convention, conference, cultural, arts and other events, including the following:

- Committable, quality hotel properties and guest rooms.
- Hotel cost structures.
- Key demographic and socioeconomic characteristics and trends, such as population, disposable income, retail sales, entertainment spending, corporate base and other such indicators.
- Tax rates, collections and uses (both hospitality industry taxes and other taxes/assessments).
- Proximity to other metropolitan markets and event facilities.
- Air, rail, ground transportation and shuttle access.
- Entertainment, retail, restaurant and other such offerings and attractions.
- Other such characteristics.

The results of this step will be used in combination with data prepared throughout the study to assess Seguin's competitive position within the state, regional and national marketplaces and its ability to accommodate incremental event demand.

Step 2 – Event Industry Trends and Analysis

The convention, events, hospitality and visitor industries have undergone significant change over the past decade. Issues impacting these industries, including changing demand for event space, technological amenities, hotel availability, service levels and other such characteristics, have been joined by recent, and sometimes dramatic, fluctuations in event activity due to nationwide economic conditions and travel costs. In addition, convention center and other event facility product supply growth has impacted demand levels in individual markets.

As part of this step, CSL will provide an overview of convention, events, and lodging facility trends in the local, regional and national marketplace. An understanding of these trends provides a framework from which to assess potential demand for a new hotel convention center in Seguin. An evaluation of these trends will be important in "framing" and placing overall market demand estimates into the context of the industry, presently and into the foreseeable future. Further, CSL will assess the near and longer-term impacts associated with the COVID-19 pandemic on the domestic convention center and events industry, including trends that will likely be relevant for a potential new hotel convention center in Seguin.

Step 3 - Competitive and Comparable Analysis

Within this step, CSL will assemble and review the operational and physical characteristics of existing and planned facilities throughout the competitive regional and statewide marketplace. CSL will develop inventories of facilities to determine the level of competition within the marketplace and identify potential gaps that could be addressed by new convention, conference, cultural and performance venues in Seguin. CSL will analyze existing and planned regional competitive facilities to assess the relation, interaction and impact, if any, they may have on the demand for potential new conference, convention, or other event facilities in Seguin.

Additionally, CSL will evaluate projects around the country that may offer some element of comparable insight, focusing on those in markets similar to the Seguin area. The type of data that will be assembled for comparable and competitive projects includes the following:

- Facility type and marketing focus.
- Exhibit, meeting, ballroom and multipurpose space and capacities.
- Fixed and temporary seating components.
- Layout, staging and design features.
- Future expansion plans.
- Event characteristics (e.g., levels, attendance, utilization, future bookings, etc.).
- Operating revenues and expenses.
- Construction costs and financing sources.
- Hotel availability, quality and proximity to the facility.
- Area demographics.
- Convention and visitor bureau marketing resources.
- Location characteristics and transportation access.

This analysis will assist in providing data as to how new venue development in Seguin could compete within the greater state, regional and national marketplace, as well as later assisting in the evaluation of the associated financial operations and economic and fiscal impacts.

Step 4 - Market Outreach

Beyond the local interviews performed at the outset of the study process, CSL will identify and interview a large sample of potential users and/or user groups from the state, regional and targeted national event markets. These interviews may include organizations and/or individuals from the following event segments:

- Local, state, regional and national association conventions/conferences/meetings.
- Corporate and trade events.
- Public/consumer shows.
- SMERF events (social, military, education, religious, fraternal).
- National, regional, and local arts organizations.
- Local school districts, colleges and universities.
- Community banquets, meetings, festivals and related events.
- Local civic, service club and religious organizations.
- Concerts, cultural events and festivals.
- Other such events and activities.

Event/activity organizer survey results will be analyzed to provide summaries of the following data specific to the potential for developing a new hotel convention center in Seguin:

- Likelihood of utilizing the proposed event venue.
- Reasons for not choosing to utilize new hotel convention center space in Seguin.
- Space/seating levels required.
- Need for outdoor event space.
- Overall hotel room requirements.
- Other important community requirements.
- Event seasonality.
- Length of event data.
- Event attendance data.
- Past facility use.

- Issues with respect to transportation and accessibility.
- Perceptions of Seguin as a destination for events.
- Other related information and relevant opinions.

CSL's extensive similar convention, conference and other event center study experience and proprietary survey methodology allows for the critical benefit of comparing Seguin's survey data with the survey data collected from a large number of similar feasibility studies that CSL has conducted in recent years.

This unique apples-to-apples comparison to other similar projects offers critical insight into the strength and nature of the market demand that will be measured in Seguin. The context that this type of comparison provides in terms of interpreting interest feedback by past, current and potential future user groups for a new Seguin event venue with similar data from hundreds of past surveys that CSL has deployed for comparable projects in other markets throughout the region and country can be valuable and insightful.

By combining the results of this step with the analysis results generated in previous steps, CSL will be able to identify the market segments that represent the primary sources of demand for a new convention, conference, cultural and arts venue in Seguin, upon which future facility recommendations and utilization estimates are based.

Step 5 - Event, Attendance and Utilization Projections

Based on the identified demand, CSL will forecast the anticipated usage among a variety of convention, conference, cultural, arts and other event segments. The analysis will distinguish between local, drive-in and overnight visitors in order to help measure net new impacts to the community.

CSL will evaluate how successfully a new event venue in Seguin could accommodate existing and future demand while competing with other regional facilities for the opportunity to host non-local conventions, conferences, tradeshows, public/consumer shows, assembly events, meetings, banquets, SMERF events, arts, cultural, civic, spectator, local community uses and other events. Specifically, from these data CSL will provide information on the following:

- Event levels by event segment.
- Attendance levels by activity or use.
- Origin of attendees/exhibitors (i.e., local vs. non-local) and associated traffic levels.
- Length of event data.
- Facility space and functionality requirements (exhibit, meeting, banquet, seating, staging, technology, etc.) by event type.
- Hotel requirements.
- Hotel room night generation.
- Parking requirements.
- Seasonality of demand.
- Rental and other revenues.

CSL will identify the market segments that represent the primary sources of demand for an event venue in Seguin and assess the potential penetration of these markets to estimate utilization levels, attendance levels and other primary characteristics by type of activity. These estimates will form the basis on which CSL will evaluate the financial implications and economic impacts of operating a new venue in Seguin.

Task 2. Hotel Demand Analysis

An adjoined or otherwise nearby hotel product would likely enhance the marketability of any potential convention center campus in Seguin. As such, CSL will evaluate the market conditions and potential demand in Seguin for added hotel inventory. To develop research-supported forecasts and hotel sizing, quality and service recommendations, CSL will undertake the following steps.

Step 1 – Local Market Area Analysis

In addition to the Existing Conditions Analysis in Task 1, CSL will further review local market factors unique to hotel development potential. Specifically, CSL will evaluate macroeconomic trends and local economic indicators such as:

- Real estate development trends.
- Office space statistics.
- Airport statistics.
- Convention, conference, meeting, sports and other event statistics.
- As available, drive-in leisure visitor statistics.

Based on these data, CSL will develop conclusions about the directional trends of key economic indicators that influence the lodging industry in Seguin.

Step 2 – Hotel Supply and Demand Analysis

CSL will define the existing set of competitive hotels in the area and estimate occupancy and average daily rate of each hotel in the defined competitive set. CSL will also identify and evaluate proposed new competitors in the market area and the resulting impact on occupancies and average daily rates.

These data will be used to estimate demand segmentation of accommodated demand (i.e., percentage of business, leisure, and meeting/group activity), and to analyze un-accommodated demand related to local sell-out patterns. Finally, CSL will evaluate potential induced demand from any proposed major developments in the area.

Step 3 – Assess Financial Results and Program Levels from Comparable Projects

CSL will identify a set of comparable hotel and hotel/conference facilities in similar settings regionally and/or nationally that share key characteristics with a potential lodging and convention/conference product in Seguin. CSL will then obtain financial statements/reports from these comparable projects, including operating revenues & expenses, average daily rate (ADR), occupancy, revenue per available room (RevPAR) and related metrics from the cumulative set of comparable properties. These data will be used to perform a detailed analysis of performance metrics, including all revenue and expense line items. CSL will also inventory specific program elements, including number of guest rooms, conference space, flag/brand, age and related characteristics.

Step 4 – Projections of Hotel Demand

Using the findings from previous Steps, CSL will analyze the potential for new hotel development to develop a market position for a new convention/conference lodging property in Seguin and provide estimates of demand for the property.

Specific analysis to be undertaken includes:

- Analysis of occupancy and average daily rates associated with commercial, leisure and meeting/group demand segments.
- Estimates of the subject property's likely ability to penetrate each demand segment relative to the defined competitive set of hotels in its market.
- Forecast total occupancy and average daily rates through the estimated stabilization period.

Task 3. Program and Facility Recommendations

The purpose of this task is to synthesize findings of the previous tasks to analyze and translate market demand and opportunities into a market supportable facility program for a new event/hospitality facility that may accommodate convention, conference, cultural, arts and other event demand in Seguin, along with certain lodging demand. Working with Convergence Design, CSL's analysis will address space needs in terms of the elements presented below.

Convention Center

- Exhibit, meeting, ballroom and multipurpose space.
- Prefunction and open space learning areas.
- Outdoor event space (i.e., potential patio, pavilion, courtyard, terrace, or rooftop space).
- Fixed and temporary seating levels.
- Size of support space and other functional areas.
- Food service areas.
- Required supporting parking inventory, including dedicated and occasionally usable parking spaces.
- Amount and type of other revenue-producing areas.
- Space configuration and aesthetic features.
- Storage space and other such supporting infrastructure needs.
- Possibilities for future expansion and spin-off development.
- Important technological and other amenities.
- Seating capacity and stage size(s) associated with potential theater venue(s).

Hotel

- Room count and brand/chain scale options.
- Meeting space square footage and configuration.
- Food and beverage areas.
- Lobby/registration space.
- Fitness center.
- Business center.
- Concierge areas.
- Ideal location considerations.

Based on the net leasable areas for the recommended development, CSL will develop the projected total gross building area (square feet). This task will not involve detailed building programming but will identify the required non-leasable square foot areas for service, support and circulation. The grossing factor will consider the specific site constraints of the selected site.

Task 4. Site Evaluation

Working with Convergence Design, CSL will determine the amount and configuration of land required to develop the previously recommended building program and will work with the Client and other stakeholders

to identify up to five potential sites that could best accommodate this program while maximizing the marketability of the facility. CSL will also evaluate the strengths and challenges of choosing the Seguin Coliseum as the site for a conference/convention lodging property, and determine the redevelopments and upgrades needed at the venue to support such a property.

Will then comparatively analyze the strengths, challenges, opportunities and other factors associated with each of the identified sites. As part of this analysis, CSL will evaluate how each site addresses important selection factors including, but not limited to:

- Site parcel size, suitability, visibility and image potential.
- Adjacencies to other event facilities or area demand generators.
- Entertainment/restaurant adjacencies.
- Other adjacent land uses.
- Soil types and environmental issues.
- Floodplains, drainage and zoning.
- Historic uses.
- Parking availability.
- Vehicular accessibility.
- Ease of pedestrian access and public circulation.
- Access to transportation hubs.
- Hotel concentrations and adjacencies.
- Ability to accommodate future expansions of the property.
- Ability to stimulate future spin-off development.
- Access to available funding, management and ownership options to potentially enhance opportunities for facility development.
- Any significant differences in costs associated with each site.
- Ability to generate positive perceptions among the greater metropolitan area and regional populace.
- Other similar amenities.

CSL will confer with the Client and other project representatives to agree upon a weighted set of evaluation criteria and will develop a site analysis matrix. Using this matrix, potential sites will be rated for each characteristic, highlighting the strengths and weaknesses of each. Ultimately, a weighted rating comparing each site will be presented, with the preferred site or sites recommended as most appropriate for the development of a new hotel convention center campus. The site short list generated from this analysis will be used for subsequent tasks.

Task 5. Feasibility Study

CSL will summarize the annual financial operations associated with the recommended venue type, sizing and configuration, including projections for annual surpluses or subsidies generated over a 20-year period. To accurately portray a comprehensive estimate of costs associated with the facility, it will be critical to include potential annual debt service payments for construction. As such, this task will incorporate high-level construction cost estimates developed in Task 7, and various financing assumptions will be used to assess potential annual project debt service.

Further, CSL will prepare a financial operating analysis for a potential hotel convention center campus in Seguin. Specifically, CSL will develop a financial operating model incorporating comparable facility data and the estimated levels of event utilization and attendance derived from the market analysis to develop estimates for operating revenues and expenses of a new hotel and new convention/conference center.

On an operating basis, revenues including rental, food service, event service, parking, advertising and sponsorship revenues, box office, membership and endowment revenue (particularly for a theater venue),

and other such sources will be estimated. Direct expenses including event staff wages and salaries, contract services, utilities, maintenance, repair, supplies, and other items will be estimated, in addition to unallocated expenses such as administrative salaries, employee benefits, advertising and promotion, general and administrative, professional services, insurance, maintenance reserves, and other items.

CSL will present estimates of financial performance for recommended facility operations for a stabilized year of operations, as well as its first twenty years of operation. These estimates will include possible annual debt service payments and other financial return/risk structures associated with the project (as identified). This will aid in evaluating the level of facility-supportable revenues or subsidies that may be required for annual facility operations.

Pricing, discounting and leasing structures will be recommended for the particular venue type deemed supportable from a market demand perspective.

CSL will also prepare a cash flow analysis for hotel operations. Based on estimated occupancy and average daily room rate analysis, CSL will develop a hotel-specific model to assess and develop foundational metrics and performance projections for the project over a 20-year period, including:

- Hotel market mix.
- ADR.
- Occupancy.
- RevPAR.
- Operating revenue.
- Operating expenses (departmental, fixed and other local factors).

CSL will then prepare 20-year projections of net income for the lodging component of the project. Cash flow available for debt service and income taxes will be assessed and scenarios will be prepared analyzing the impact of changes to the overall facility complex program on available cash flow.

Task 6. Financing Options

The development of public assembly facilities throughout the country typically involves some level of public funding. Many communities are willing to provide for such funding given the potential economic and fiscal impacts associated with the development and operations of the project. In the case of community benefit and/or economic impact-generating projects, such as the event venue project being considered for Seguin, a public sector contribution may be required to secure development.

As part of this analysis, CSL will identify and summarize financing sources and the extent to which facility development may require funding from external sources to fund project operations and/or debt service. The analysis will focus on both financing mechanisms (type of bonds or certificates) and the project revenue sources (hotel, sales, restaurant, car rental and other such taxes) that could be used to fund potential facility development and support ongoing operations.

Typically, funding for public assembly venues is tied to the industries that benefit from facility operations. CSL will provide an overview of potential funding sources available for construction of the project, including an analysis of revenues streams for Seguin that would be legally available to fund this type of project. This analysis will focus on numerous sources of revenue for project funding including allocation of existing or new visitor industry taxes. Order-of-magnitude estimates of revenue potential from each viable revenue source will be prepared and potential funding sources will be prioritized.

Importantly, potential partner funding options, as used by similar communities, will be identified and discussed, including the possibility of developing a convention/conference center as a joint venture with one or more public or private parties, particularly in the context of hotel development. In the past several

years, CSL's project team has been involved with many similar projects around the country that have incorporated creative partnerships with the private sector to assist in defraying facility development costs. Some additional potential private sector funding possibilities for the potential facility development that will be identified and analyzed will include sponsorships, naming rights, franchising, branding, upfront service provider fees and facility component build-outs. CSL will provide general recommendations for possible financing structures, including opportunities to pursue public/private partnerships, addressing common issues typically raised by potential investors and rating agencies in these types of financing arrangements.

Task 7. Development Cost Analysis

Based on the results of previous tasks, CSL will coordinate closely with Convergence Design to generate construction cost estimates for the identified convention center campus development scenario(s). Cost parameters for the top three ranked sites identified in a previous task will be assessed, focusing on:

- Probable acquisition costs.
- Probable relocation costs, if any.
- Site and parking improvement costs.
- Estimated A&E, consultant, developer fees and other soft costs.
- Estimated construction costs for each component of the recommended program. Construction costs will be provided separately for each recommended facility component.

Potential site plans will be completed for each of the three sites, and report narrative will be provided regarding the physical characteristics and marketability of each location. The final site evaluation will include two concept renderings depicting how facilities recommended by the study could appear as a completed project. The top-ranked site will be used as the basis of a cost analysis for the anticipated development. The cost estimates will focus on per-unit data adjusted for conditions in Seguin and cost data of comparable projects, modified for time and locations. This exercise will generate data to support CSL's projections of annual debt service for the project. CSL will also develop a project timeline showing key planning and construction milestones.

Task 8. Economic Impact Study

CSL will estimate the economic and fiscal (tax) impacts associated with proposed convention center campus development, emphasizing the incremental impacts to the city of Seguin. The operation of a convention center or other assembly event venue typically attracts some level of out-of-town event attendees/exhibitors to the community. The non-local attendees and visitors brought into the community as a result of a new facility represent the basis for added local economic and fiscal impacts.

As part of this analysis, CSL will develop estimates of total incremental visitors to the Seguin area generated as a result of new visitor-oriented facility and investment strategies. CSL will then apply appropriate per-visitor spending estimates using industry data adjusted to the local area. The resulting delegate spending levels will be segmented by industry and applied to economic impact multipliers.

Preparation and Presentation of Final Report

As a final step in the study process, CSL will prepare a written draft report summarizing study findings and conclusions. CSL will summarize these matters in a draft report, which will be submitted to the Client prior to finalizing the document. After comments are incorporated, CSL will issue a final written report summarizing all findings, conclusions and recommendations. In addition to the written and electronic report, CSL will conduct oral presentations to the Client and other key stakeholder groups regarding the study findings.

Project Timing

CSL is prepared to commence this engagement upon receipt of notice to proceed. The scope of work outlined herein is expected to be completed within fourteen (14) to sixteen (16) weeks.

The following exhibit presents the anticipated timeline for the study and its primary phases and tasks. Should the Client have any specific timing milestones that they are internally attempting to meet, CSL would be happy to discuss potential adjustments to the timeline.

	Week	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16
Project Orientation		A															
Task 1. Market Demand Analysis																	
Task 2. Hotel Demand Analysis																	
Task 3. Program and Facility Recommendations											A/B						
Task 4. Site Evaluation													A				
Task 5. Feasibility Study																	
Task 6. Financing Options																	
Task 7. Development Cost Analysis																A	
Task 8. Economic Impact Study																	
Preparation and Presentation of Final Report																	A/B

A = In-person or virtual meetings with CSL.
 B = Submission of project deliverables.

The initial kickoff visit will be attended by appropriate project team representatives for purposes of project organization/planning, tours and local community interviews and outreach. CSL will be available for conference calls as needed to complement the study effort and coordination/collaboration. CSL expects to present preliminary Task 1 and 2 findings in-person or virtually by Week 10, and a full study report by Week 16.

In addition, regular progress updates will be forwarded to the Client in-person or via conference call during the study period. Furthermore, CSL anticipates completing this study in full, performing all work as set forth in this engagement letter. In the event that a decision not to proceed occurs within the time frame agreed upon for this engagement, CSL will cease its work, and bill the Client for time incurred on the project at that point in time.

Professional Fees and Expenses

Total professional fees for any engagement will depend on the number of hours required to complete the project and skill levels of the assigned personnel. The exhibit on the following page outlines the professional fees and expenses associated with the scope of work outlined herein, including a total not-to-exceed amount.

	CSL			Convergence		Total Costs
	Principal	Manager	Analyst	Principal	Staff	
	\$300	\$200	\$145	\$300	\$180	
Project Orientation	8	12	0	8	0	\$7,200
Task 1. Market Demand Analysis	8	20	32	4	0	12,240
Task 2. Hotel Demand Analysis	10	8	4	0	0	5,180
Task 3. Program and Facility Recommendations	8	6	4	8	0	6,580
Task 4. Site Evaluation	8	8	8	8	8	9,000
Task 5. Feasibility Study	8	6	0	0	0	3,600
Task 6. Financing Options	12	4	4	0	0	4,980
Task 7. Development Cost Analysis	6	6	0	12	12	8,760
Task 8. Economic Impact Study	10	8	2	0	0	4,890
Preparation and Presentation of Final Report	-	-	-	-	-	-
Total Professional Fees						\$62,430
Total Out-of-Pocket Expenses (cap)						\$6,867
Total Project Fees						\$69,297

Total professional fees and out-of-pocket expenses associated the study effort outlined herein will not exceed \$69,297. This fee and expense figure assumes up to three (3) visits to the Seguin market by CSL project leaders. Professional fees and out-of-pocket expenses will be billed and are payable on a monthly basis. Out-of-pocket expenses include travel costs and report development/materials costs.

Should additional work or travel be requested beyond the scope of services detailed herein, professional fees will be billed on an hourly rate basis using the rates included in the chart above, and additional out-of-pocket expenses will be billed at cost.

Conditions of Work

1. Information and Data. CSL is entitled to assume, without independent verification, the accuracy of all information and data that the Client provides to CSL. All information and data to be supplied will be complete and accurate to the best of the Client's knowledge. CSL will use information and data furnished by others if CSL in good faith believes such information and data to be reliable; however, CSL shall not be responsible for, and CSL shall provide no assurance regarding, the accuracy of any such information or data. CSL shall be providing advice and recommendations to the Client; however, all decisions in connection with the implementation of such advice and recommendations shall be the Client's responsibility. CSL shall have no responsibility for any decisions made by the Client relating to the project or CSL's services hereunder. CSL shall have no responsibility for any assumptions provided by the Client, which assumptions shall be the Client's responsibility. The reports may include estimates of annual operating results based upon courses of action that the Client expects to take prior to and during the period under analysis. The Client is responsible for representations about its plans and expectations, and for the disclosure of significant information that might affect the estimated results.

2. Reports. Any reports prepared by CSL are valid only when presented in their entirety and only for the purpose stated therein. It is expressly understood that (a) CSL's reports, suggestions, analyses and conclusions, if any, do not, in whole or in part, constitute a fairness or solvency opinion or a feasibility report and (b) CSL will not perform any review, audit or other attestation procedures with respect to financial information as defined by the American Institute of Certified Public Accountants and will not issue any

opinion, report or other form of assurance with respect to any financial information. There will usually be differences between the estimated and actual results because events and circumstances frequently do not occur as expected, and those differences may be material. Should the Client have any reservations with regard to the estimates, CSL will discuss them with the Client before the report is issued. Any partially completed work products and drafts presented to the Client are for internal use only.

3. Confidentiality. CSL will maintain the fact of this engagement along with all aspects of the engagement in strict confidence, not disclosing to any third party. Client understands and agrees that CSL shall be the owner of all methods, techniques, processes and skills and adaptations thereof (including, without limitation, generalized features of the sequence, structure and organization) of any work product resulting from CSL's services. CSL understands and agrees that Client shall be the sole owner of all products resulting from or related to CSL's services, including, without limitation, all survey data, feasibility studies, revenue potential analyses, market demand analyses, and any other documents or summaries of the findings or results of any analysis related to this agreement. All confidential information provided by the Client shall remain Client's sole property. CSL will preserve the confidential nature of information received from the Client in accordance with CSL's established policies and practices. Neither Client nor CSL shall reference the other's name or anything related to this engagement without the other's prior written consent, except as may be required by law in which case, consent of the other party shall not be required. The Client agrees that any reports, analyses or other documents prepared by CSL will be used only in compliance with these terms, conditions, applicable laws, and regulations.

4. Property. To the extent that CSL utilizes any of its property (including, without limitation, proprietary databases, proprietary information, any hardware or software) in connection with its services, such property shall remain the property of CSL, and the Client shall not acquire any right or interest in such property. CSL shall have ownership (including, without limitation, copyright ownership) and all rights to use and disclose its ideas, concepts, know-how, methods, techniques, processes and skills, and adaptations thereof (including, without limitation, generalized features of the sequence, structure and organization) in conducting its business, and the Client shall not assert or cause to be asserted against CSL or its personnel any prohibition or restraint from so doing. However, all products resulting from or related to CSL's services, including, without limitation, all survey data, feasibility studies, revenue potential analyses, market demand analyses, and any other documents or summaries of the findings or results of any analysis related to this agreement shall be deemed works for hire that Client owns.

5. Limitation on Warranties. This is a consulting services agreement. CSL represents and warrants that it shall provide the services in good faith using commercially reasonable efforts. CSL disclaims and Client hereby expressly waives any and all claims based on any other representations and warranties, whether express, implied or otherwise, including, without limitation, warranties of merchantability and fitness for a particular purpose.

6. Indemnification. The Client and its affiliates shall indemnify and hold harmless CSL, its members, principals, and employees from and against any and all causes of actions, losses, damages, claims, liabilities, costs, and expenses (including, without limitation, legal fees and expenses) which may be asserted, brought against, paid or incurred by any of them at any time in any way arising out of or relating to CSL's services, except to the extent it is finally judicially determined that such losses have resulted from the willful misconduct of CSL. CSL and its affiliates shall indemnify and hold harmless the Client, its members, principals, and employees from and against any and all causes of actions, losses, damages, claims, liabilities, costs, and expenses (including, without limitation, legal fees and expenses) which may be asserted, brought against, paid or incurred by any of them at any time in any way arising out of or relating to CSL's services, except for provision 5 and/or to the extent it is finally judicially determined that such losses have resulted from the willful misconduct of the Client.

7. Limitation on Damages. CSL, its members, principals, and employees shall not be liable to the Client for any losses, damages, claims, liabilities, costs, or expenses in any way arising out of or relating to this engagement for an aggregate amount in excess of the Fees paid by the Client to CSL for its services. In

no event shall CSL, its members, principals, or employees be liable for consequential, special, indirect, incidental, punitive, or exemplary loss, damage, cost, or expense (including, without limitation, lost profits and opportunity costs). The provisions of Section 6 and this Section 7 shall apply regardless of the form of action, whether in contract, statute, tort (including, without limitation, negligence), or otherwise, and shall survive the completion or termination of this engagement. The Client, its members, principals, and employees shall not be liable to CSL for any losses, damages, claims, liabilities, costs, or expenses in any way arising out of or relating to this engagement for an aggregate amount in excess of the Fees paid by the Client to CSL for its services. In no event shall the Client, its members, principals, or employees be liable for consequential, special, indirect, incidental, punitive, or exemplary loss, damage, cost, or expense (including, without limitation, lost profits and opportunity costs). The provisions of Section 6 and this Section 7 shall apply regardless of the form of action, whether in contract, statute, tort (including, without limitation, negligence), or otherwise, and shall survive the completion or termination of this engagement.

8. Subsequent Work. CSL, by reason of the performance of its services, is not required to furnish additional work or services, or to give testimony, or to be in attendance in court with reference to the assets, properties, or business interests in question. CSL will have no responsibility to update any report, analysis, or other document relating to its services for any events or circumstances occurring subsequent to the date of such report, analysis, or other document.

9. Cooperation. The Client shall cooperate with CSL in connection with the performance of its services, including providing CSL with reasonable and timely access to the Client's information, data, and personnel.

10. Non-Exclusivity. Nothing in this report, including these Terms and Conditions, shall be construed as precluding or limiting in any way the right of CSL to provide consulting or other services of any kind or nature whatsoever to any person or entity as CSL in its sole discretion deems appropriate.

11. Force Majeure. CSL shall not be liable for any delays or failures to perform its services resulting from circumstances or causes beyond its reasonable control, including, without limitation, fire or other casualty, act of God, strike or labor dispute, war, or other violence, or any law, order, or requirement of any governmental agency or authority.

12. Independent Contractor. CSL is an independent contractor and not an employee, agent or partner of Client. CSL is not authorized directly or indirectly to represent to any person that Consultant has the authority to bind the Client to any agreement or course of conduct.

13. Inconsistencies. In the event of any conflict or inconsistency between the provisions set forth in the Letter and these Terms and Conditions, the provisions of these Terms and Conditions shall govern.

14. Complete Agreement. The Letter, including these Terms and Conditions, constitutes the entire agreement between the Client and CSL with respect to the subject matter thereof and hereof, and supersedes all other oral or written representations, understandings, and agreements between the Client and CSL relating to the subject matter thereof and hereof. The Letter, including these Terms and Conditions, cannot be changed, except by written instrument signed by both the Client and CSL. The Letter, including these Terms and Conditions, shall be binding on the Client and CSL, and the Client's and CSL's permitted successors and assigns; however, neither the Client nor CSL may assign the Letter, including these Terms and Conditions, without the prior written consent of the other, except that the Client and CSL may assign the Letter, including these Terms and Conditions, to any successor to all or substantially all of the business or assets of such party.

15. Governing Law. The Letter, including these Terms and Conditions, shall be governed by and construed under the laws of the State of Texas.

16. Counterparts. This Letter may be executed in counterparts, or by facsimile or telecommunicated counterparts, each of which shall be deemed an original and both of which, when taken together, shall constitute the same agreement.

17. Consent and Good Faith Dealings. The parties hereby covenant, each to the other, that each will deal with the other equitably, and will take into account the reasonable commercial expectations of the other in the exercise of rights and obligations hereunder. When consent or approval is requested for any action, the party from whom approval is sought shall give full and fair consideration to the financial issues raised by the other party and shall act in a fair, timely and non-capricious manner. Unless other indicated specifically in this Letter, consent and approvals shall not be unreasonably withheld, delayed or conditioned.

* * * * *

If you are in agreement with the aforementioned, please indicate by signing in the space provided below, and returning this letter to CSL International. If you would like to discuss this letter, please contact Bill Krueger at bkrueger@cslintl.com.

Very truly yours,



Conventions Sports & Leisure International, LLC

Acknowledged and Accepted by:

CITY OF SEGUIN, TEXAS

Signature

Printed Name

Title

Date