

MANAGEMENT AGREEMENT

Dated as of

November 1, 2001

by and between

WATERFORD MANAGEMENT, LLC,

and the

**CAPITAL CITY ECONOMIC
DEVELOPMENT AUTHORITY**

**Relating to the Management of
the Hartford Convention Center**

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THIS MANAGEMENT AGREEMENT is made and entered into as of the 1st day of November, 2001, by and between the CAPITAL CITY ECONOMIC DEVELOPMENT AUTHORITY, a body corporate and public constituting a public instrumentality and political subdivision of the State of Connecticut (“Owner”), and WATERFORD MANAGEMENT, LLC, a Connecticut limited liability company (“Manager”). Capitalized words and terms used herein, including in the recitals which follow, have the respective meanings assigned to such words and terms in Article I of this Agreement.

RECITALS

WHEREAS, Owner has been formed with the express purpose to stimulate new investment in Connecticut, to attract and service large conventions, tradeshows, exhibitions, conferences and local consumer shows, exhibitions and events, to encourage the diversification of the state economy, to strengthen Hartford’s role as the region’s major business and industry employment center and seat of government, to encourage residential housing development in downtown Hartford and, with respect to the Convention Center, to construct, operate, maintain and market the Convention Center in order to enable Hartford and its immediate environment to become a major regional family-oriented arts, culture, education, sports and entertainment center that will create new jobs, add to the benefits of the hospitality industry, broaden the base of the tourism effort and stimulate substantial surrounding economic development and corresponding increased tax revenues to the State.

WHEREAS, on March 3, 2000, the Governor filed with the General Assembly of the State of Connecticut a Master Development Plan relating to the development of Adriaen’s Landing in downtown Hartford, including the Convention Center, and a stadium at Rentschler Field in East Hartford;

WHEREAS, the Master Development Plan included a Memorandum of Understanding among the State, Owner and Waterford evidencing the selection by the State and Owner of Waterford to supervise and coordinate the development of Adriaen's Landing on behalf of the State and Owner, the commitments of Waterford with respect to the construction and operation of the Convention Center Hotel, and the engagement of Waterford (or an Affiliate thereof) to manage the Convention Center for a term of three (3) years;

WHEREAS, on May 2, 2000, the General Assembly enacted and the Governor signed Public Act 00-140, an *Act Implementing the Master Development Plan for the Adriaen's Landing Project and the Stadium at Rentschler Field Project*, validating the Master Development Plan and authorizing the State and Owner to proceed with the development of Adriaen's Landing, including the Convention Center, as contemplated by the Master Development Plan;

WHEREAS, Owner will be the owner of the Convention Center and, as contemplated by the MOU, desires Manager to promote, staff, manage, maintain and operate the Convention Center at the highest industry standards and in the best financial interest of Owner by maximizing Event activity; to protect Owner's capital investment through high-quality maintenance and supervision of repairs as the need arises; to establish a system of communication that encourages networking and collaborative efforts between and among other segments of the tourism, hospitality, entertainment and sports industries in the best interests of Owner and the City of Hartford; and to create an open, clear and responsive reporting system that enhances all operations of the Convention Center; and

WHEREAS, for such purposes Owner desires to engage Manager as manager of the Convention Center, and Manager desires to accept such engagement, all on the terms and conditions set forth herein;

NOW, THEREFORE, in consideration of the foregoing and the mutual representations, warranties, agreements, covenants and guarantees set forth herein, the parties hereto agree as follows:

AGREEMENT

ARTICLE I

DEFINITIONS AND INTERPRETATION

Section 1.01 Definitions.

For purposes of this Agreement, the following words and terms shall have the meanings set forth below:

“ADA” means the Americans with Disabilities Act, 42 U.S.C. Sections 12101 *et seq.*

“Adriaen’s Landing” means the mixed-use development proposed for the Adriaen’s Landing Site, including the Convention Center and the Convention Center Hotel, all as more particularly described in the Master Development Plan.

“Adriaen’s Landing Site” means the area of approximately thirty-three (33) acres of land adjacent to Interstate 91 in Hartford, Connecticut designated in the Master Development Plan as the site for Adriaen’s Landing.

“Affiliate” means, with respect to any Person, any Person that, directly or indirectly, controls, is controlled by, or is under common control with, such Person. The term “control” (including the terms “controlled by” and “under common control with”) means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract, or otherwise.

“Agreement” means this Management Agreement, all recitals, exhibits, schedules and appendices hereto, and any and all supplements and amendments hereto or thereto.

“Annual Budget” means any budget submitted by Manager and approved by Owner pursuant to Section 4.02 hereof.

“Annual Marketing Plan” is defined in Section 4.04.

“Applicable Laws” means all laws, statutes, ordinances, rules, regulations, orders or determinations of Governmental Authorities, including the Implementing Legislation, the State Contracting Requirements, the ADA, the FLSA, ERISA, OSHA, Environmental Laws, the State Fire Safety Code, and applicable City ordinances, including with respect to public health and safety, applicable to the equipping, maintenance, occupancy, possession, control, management, use or operation of the Managed Facilities, the hiring and employment practices of Manager and the terms and conditions of employment of employees working at the Managed Facilities, or the authorization, execution, delivery and performance by Manager of its obligations under this Management Agreement, except as may be pre-empted by federal law (in which case the governing federal law shall be the Applicable Law).

“Architect” means Thompson, Ventulett, Stainback & Associates, Inc.

“Auditors of Public Accounts” means the Auditors of Public Accounts of the State of Connecticut.

“Base Management Fee” is defined in Section 9.03.

“Booking Policy” is defined in Section 3.09.

“Business Day” means each day on which State offices in the State of Connecticut are open for business.

“Capital Expenditure” means any expenditure exceeding Ten Thousand Dollars (\$10,000.00) for building additions, alterations or improvements, and for purchases of additional or replacement furniture, machinery or equipment, the depreciable life of which, according to accepted accounting principles, is in excess of five (5) years and expenditures for maintenance or repairs which extend the useful life of the assets being maintained or repaired for a period in excess of five (5) years. Each Annual Budget shall set forth the anticipated Capital Expenditures to be made during the next Contract Year which shall be part of a five (5) year Capital Expenditures forecast.

“CCEDA Legislation” means Chapter 588x of the General Statutes.

“City” means the City of Hartford.

“Code” means the Internal Revenue Code of 1986, as amended, and the rules and regulations promulgated thereunder.

“Comparable Facilities” means other comparable recently-completed or recently expanded, first-class public convention center facilities managed by recognized and experienced private management companies.

“Concession Agreement” means the Catering and Concessions Agreement dated as of November 1, 2001, by and between Waterford Management, LLC and the Capital City Economic Development Authority relating to catering and concession services at the Convention Center.

“Concession Operating Expenses” is defined in the Concession Agreement.

“Concessionaire” means Waterford Management, LLC as provider of Concession Services pursuant to the Concession Agreement.

“Concessions” or “Concession Services” is defined in the Concession Agreement.

“Construction Consultant” means the Person designated to provide construction oversight services with respect to the Convention Center in accordance with section 32-656(i) of the General Statutes.

“Contract Compliance Officer” is defined in Section 11.05.

“Contract Year” means each of the three (3) successive periods of twelve (12) calendar months beginning on the Opening Date and ending on the Scheduled Termination Date; provided, however, that if the Scheduled Termination Date is extended pursuant to the terms of this Agreement with the result that the period between the end of the last such Contract Year and the Scheduled Termination Date is less than twelve (12) calendar months, such period shall also be treated as a “Contract Year” for purposes of this Agreement except that the Base Management Fee, Revenue Benchmark, Expense Benchmark and any other similar items expressed herein on an annual basis shall be adjusted on an equitable basis.

“Convention Center” has the meaning assigned to that term in the CCEDA Legislation and is more particularly described in the Master Development Plan.

“Convention Center Hotel” has the meaning assigned to that term in the CCEDA Legislation and is more particularly described in the Master Development Plan.

“Corporate Services” is defined in Section 2.04.

“CPR” is defined in Section 16.04.

“Depository” means the commercial bank selected by Owner at which bank accounts shall be established for the funds required to be maintained under this Agreement.

“Designated Marketing Agent” means the Greater Hartford Convention and Visitors Bureau or such other Person designated by Owner from time to time with responsibility for marketing and obtaining bookings for the Convention Center (subject to acceptance by Manager on behalf of Owner) on a long-term basis (*i.e.* eighteen (18) months or more prior to the Event).

“Development Agreement” means the Development Agreement dated as of October 26, 2000, by and among Waterford Development, LLC, Mystic Hotel Investors, LLC, the Capital City Economic Development Authority, and the State of Connecticut, acting by and through the Secretary of the Office of Policy and Management.

“Effective Date” means July 1, 2001.

“Emergency Expenditure” is defined in Section 4.03.

“Environmental Laws” means any and all laws, statutes, ordinances, rules, regulations, orders, or determinations of any Governmental Authority pertaining to the environment, including the federal Clean Water Act, the federal Clean Air Act, the federal Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended by the Superfund Amendments and Reauthorization Act of 1986, the federal Water Pollution Control Amendments, the federal Resource Conservation and Recovery Act of 1976, the federal Hazardous Materials Transportation Act of 1975, the

federal Safe Drinking Water Act, the federal Toxic Substances Control Act, and any comparable or similar environmental laws of the State applicable to the equipping, maintenance, occupancy, possession, control, management, use or operation of the Managed Facilities.

“ERISA” means the Employee Retirement Income Security Act of 1974, as amended.

“Event(s)” shall mean all conventions, tradeshow, consumer shows, conferences, meetings, exhibitions, banquets, community oriented expositions and other attractions and activities which are conducted at the Managed Facilities.

“Executive Director” means the executive director of Owner or his designee.

“Expense Benchmark” is defined in Section 9.04(d).

“Expense Reduction” is defined in Section 9.04(c).

“Feasibility Study” means the Market and Financial Analysis for a Proposed New Convention Center at Adriaen’s Landing dated January, 2000, prepared for Owner by KPMG LLP and filed as part of the Master Development Plan.

“First Class Condition” means, with respect to the Managed Facilities, the condition satisfying each of the following: (i) being in good condition and repair, normal wear and tear, casualty and condemnation excepted; (ii) being current in maintenance, including preventative maintenance, consistent with Industry Standards; (iii) being in compliance with Applicable Laws, insofar as compliance with Applicable Laws is the responsibility of Manager hereunder, and (iv) meeting the requirements of any insurance carrier providing coverage with respect to the Managed Facilities.

“FLSA” means the Fair Labor Standards Act, 29 U.S.C. Sections 201 *et seq.*

“FOIA” is defined in Section 17.04.

“GAAP” means generally accepted accounting principles consistently applied.

“General Assembly” means the General Assembly of the State of Connecticut.

“General Manager” is defined in Section 11.01(b).

“General Statutes” means the General Statutes of the State of Connecticut, 1958 Revision, as amended.

“Governmental Authorities” means all federal, State or local governmental bodies, instrumentalities or agencies, including all political subdivisions of the State (including municipalities, taxing, fire and water districts and other governmental units) having jurisdiction over the Managed Facilities and the use and operation thereof.

“Governmental Permits” means all permits, authorizations, registrations, consents, approvals, waivers, exceptions, variances, orders, judgments, decrees, licenses, exemptions, publications, filings, notices to and declarations of or with, or required by, Governmental Authorities pursuant to Applicable Laws, including those relating to public health and safety, that are required in connection with the equipping, maintenance, occupancy, possession, control, management, use or operation of the Managed Facilities.

“Gross Concession Revenues” is defined in the Concession Agreement.

“Hotel Tax Revenues” shall mean the amounts received by the Commissioner of Revenue Services with respect to taxes on gross receipts from sales by hotels and lodging houses in the City of Hartford and in the Greater Hartford Tourism District generally which are segregated and paid to Owner pursuant to section 32-305(d) of the General Statutes.

“Implementing Legislation” means Chapters 588x and 588z of the General Statutes and section 39 of Public Act 98-1 (December Special Session) as amended by Public Act 99-241, Public Act 00-140 and Public Act 00-1 of the June, 2000 Special Session.

“Incentive Management Fee” is defined in Section 9.04.

“Industry Standard” means the average standard or quality of performance or practices at Comparable Facilities.

“Lien” means any mortgage, pledge, security interest, encumbrance, lien or charge of any kind (including any agreement to give any of the foregoing), any conditional sale or other title retention agreement, and any lease in the nature thereof.

“Losses” is defined in Section 12.01(e).

“Managed Facilities” means the Convention Center as built in accordance with plans and specifications approved pursuant to the Development Agreement, and consists of exhibit halls, meeting rooms, common areas, lobby areas, executive offices, utility facilities, grounds, sidewalks, marshalling areas, rights of way, terraces and adjacent plazas, and includes the building exterior and roof, all building systems, and all

furniture, fixtures and equipment. The physical boundaries of the Managed Facilities are shown on Exhibit B attached hereto.

“Management Fees” means the Pre-Opening Management Fee, Base Management Fee and the Incentive Management Fee.

“Management Term” is defined in Section 8.02.

“Manager” is defined in the first paragraph of this Agreement.

“Master Development Plan” means the Master Development Plan filed by the Governor with the General Assembly on March 3, 2000, as the same may be modified by the Secretary pursuant to Section 35 of Public Act 00-140, excluding, for purposes of this Agreement, the portions of the Master Development Plan relating to the Stadium Project.

“MOU” means the Memorandum of Understanding dated February 24, 2000, by and among the State, Owner and Waterford.

“Net Parking Revenues” means the net revenues received by Owner from operation of the Related Parking Facilities after payment of operating expenses, debt service and other charges related to the ownership, operation and financing of such facilities.

“Opening Date” means the first day of the calendar month during which the Convention Center is first available for an Event.

“Operating Expenses” means any and all expenses and expenditures of whatever kind or nature incurred, directly or indirectly, by Manager in promoting,

operating, maintaining and managing the Managed Facilities, including, but not limited to:

- (i) employee compensation and related expenses (*e.g.*, base salaries, bonuses, incentives, car allowances and other customary reimbursable business expenses);
- (ii) employee benefits and related costs, including paid vacations, holidays and sick days, any 401(k), retirement and/or pension plans, health, dental, vision, group life and disability insurance;
- (iii) supplies, material and parts costs;
- (iv) costs of any independent contractors;
- (v) advertising, marketing and public relations costs and commissions;
- (vi) janitorial, waste removal and cleaning expenses;
- (vii) information technology costs;
- (viii) dues, subscriptions and membership costs;
- (ix) the costs of procuring and maintaining the insurance and fidelity bond referred to in Article XII hereof (excluding, however, the cost of procuring and maintaining the property insurance referred to in subsection (b) of Section 12.05 and the performance bond under Section 12.06);
- (x) amounts expended to procure and maintain permits and licenses;
- (xi) taxes, excises, penalties and fees;
- (xii) professional fees;
- (xiii) printing and stationery costs;
- (xiv) all Event-related expenses (*e.g.*, fees payable to promoters and performers, costs for Event staffing and costs relating to set-up and clean-up);
- (xv) postage and freight costs;
- (xvi) equipment rental costs;

- (xvii) computer equipment leases and line charges;
- (xiii) repairs and maintenance costs (*e.g.*, elevators and HVAC);
- (xix) security expenses;
- (xx) utility and telephone charges;
- (xxi) travel and entertainment expenses;
- (xxii) the cost of employee uniforms;
- (xxiii) safety and medical expenses;
- (xxiv) exterminator and waste disposal costs;
- (xxv) costs relating to the maintenance of signage inventory and systems;
- (xxvi) box office services (*e.g.* credit card fees, commissions, armored car services, bank fees, etc.);
- (xxvii) the cost of the annual audit of the Managed Facility pursuant to Section 10.01;
- (xxviii) the cost of compliance with laws and regulations;
- (xxix) costs incurred under agreements, commitments, licenses and contracts executed in Manager's name (or in Manager's name as agent of Owner) in accordance with the authority granted in this Agreement;
- (xxx) common area maintenance and similar operating charges allocated to the Convention Center pursuant to the Reciprocal Easement Agreement; and
- (xxxi) the Pre-Opening Management Fee and the Base Management Fees;

all as determined in accordance with GAAP and recognized on a full accrual basis; provided, however, that Operating Expenses shall exclude (A) Capital Expenditures (including any deposits to the Replacement Reserve Fund), (B) Concession Operating Expenses, (C) the Incentive Management Fees, (D) Manager's corporate federal, state or local taxes, and (E) costs and expenses of Corporate Services and any other general

overhead and administrative expenses of Manager not directly related to the management, promotion and operation of the Managed Facilities, including expenses relating to Manager personnel based in Manager's corporate offices (other than the reasonable costs of travel by such corporate personnel in connection with Manager's management of the Managed Facilities, which costs shall be Operating Expenses). Solely for purposes of (1) calculating any Expense Reduction pursuant to subsection (a) of Section 9.04, and (2) identifying Operating Expenses which will be budgeted in the applicable Annual Budget, Operating Expenses shall exclude all extraordinary expenses and all interest, income tax, depreciation and amortization expenses.

"Operating Fund" is defined in Section 6.01.

"Operating Procedures" is defined in Section 3.08.

"Operating Revenues" means any and all revenues of every kind or nature derived from owning, operating, managing or promoting the Managed Facilities, less any sales or similar taxes, the amount of which is determined by the amount of sales made or services rendered and which is directly payable to the taxing authority by Manager, including, but not limited to:

- (i) license, lease and use fees and rentals and other revenues from in-house services;
- (ii) Concession Commissions;
- (iii) revenues from merchandise sales, equipment rentals and the sale of advertising, advertising signage, sponsorships (including the branding of food and beverage products for resale) and the sale of pouring rights (*e.g.* beer and soft drinks);
- (iv) utility revenues;
- (v) box office revenues (including without limitation ticket surcharge revenue);

- (vi) commissions or other revenues from decoration and set-up and security subcontractors;
- (vii) miscellaneous operating revenues;
- (viii) interest revenues; and
- (ix) expense reimbursements from tenants and event promoters (except to the extent expressly excluded below);

all as determined in accordance with GAAP and recognized on a full accrual basis; provided, however, that Operating Revenues shall exclude (A) Gross Concession Revenues, (B) the Special Revenue Incentive, (C) Net Parking Revenues and other parking revenues of any kind, (D) proceeds of the sale of Convention Center naming rights, and (E) Hotel Tax Revenues. Solely for purposes of (1) identifying Operating Revenues which will be budgeted in the applicable Annual Budget, (2) calculating any Revenue Increase pursuant to subsection (a) of Section 9.03, and (3) determining amounts of Operating Revenues to be deposited by Manager into the Operating Fund pursuant to Section 4.07 hereof, Operating Revenues will exclude (a) Operating Revenues which are paid to promoters of Events, (b) Operating Revenues which are collected in the first instance by and retained by subcontractors working within or for the Managed Facilities and (c) Operating Revenues which are used to pay Event-related (or comparable) expenses and which, in accordance with principles applied by Manager on a consistent basis at the Managed Facilities, are to be netted against Operating Revenues in calculating budgeted Operating Revenues. If and to the extent that the sale by Owner of Convention Center naming rights includes the sale of advertising rights or advertising space within the Convention Center that would otherwise have been available for sale by Manager, the parties agree to an equitable allocation to Operating Revenues for each Contract Year during the Management Term of the portion of the proceeds of the sale of such naming rights (which proceeds would otherwise have been recognized as income in such Contract Year in accordance with GAAP) which is fairly attributable to the sale of such advertising rights or space within the Convention Center.

“OSHA” means the Occupational Safety and Health Act, 29 U.S.C. Sections 651 *et seq.*

“Owner” is defined in the first paragraph of this Agreement.

“Owner’s Board of Directors” means the board of directors of the Capital City Economic Development Authority appointed pursuant to the CCEDA Legislation.

“Permanent Jobs Initiative” is defined in Section 11.03(b).

“Person” or “entity” means any natural person, corporation, partnership, limited liability company, association, trust, other business entity or governmental unit.

“Pre-Opening Budget” is defined in Section 3.14.

“Pre-Opening Business Plan” is defined in Section 3.13.

“Pre-Opening Management Fee” is defined in Section 3.15.

“Pre-Opening Period” is defined in Section 8.01.

“Pre-Opening Quarterly Statement” is defined in Section 9.03.

“Projected Attendance” is defined in Section 9.04(e).

“Projected Opening Date” means the date scheduled for Substantial Completion of the Convention Center in the Project Schedule (as defined in the Development Agreement).

“Recipient Party” is defined in Section 10.04.

“Reciprocal Easement Agreement” means any reciprocal easement agreement, including any declaration of covenants and restrictions, entered into by Owner with respect to the Convention Center and provided to Manager.

“Related Parking Facilities” has the meaning assigned to that term in the Implementing Legislation and is more particularly described in the Master Development Plan.

“Replacement Reserve Fund” is defined in Section 6.08.

“Revenue Benchmark” is defined in Section 9.04(d).

“Revenue Increase” is defined in Section 9.04(b).

“Rules and Regulations” is defined in Section 4.06.

“Scheduled Termination Date” means (a) the last day of the calendar month immediately preceding the third (3rd) anniversary of the Opening Date, or (b) if such date is not June 30 and Owner’s Board of Directors so elects in its sole discretion (with notice of such election given to Manager at least ninety (90) days prior to such anniversary date), the June 30 following such date. The Scheduled Termination Date shall be subject to extension pursuant to Section 8.04.

“Scheduling Calendar” is defined in Section 4.05.

“Secretary” means the Secretary of the Office of Policy and Management of the State of Connecticut.

“Security Plan” is defined in Section 4.10.

“Special Revenue Incentive” is defined in Section 9.04(c).

“Sponsorship Program” is defined in Section 3.10.

“State Contracting Requirements” is defined in Section 15.06.

“Substantial Completion” means substantially completed in accordance with the approved plans and specifications as certified by the Architect and the Construction Consultant, and ready and permitted for use and occupancy under all Applicable Laws, including the issuance of an appropriate temporary or permanent certificate of occupancy.

“Surety” is defined in Section 12.06.

“Term of this Agreement” and similar terms, whether or not capitalized, means the period beginning on the Effective Date and ending on the Scheduled Termination Date or the date of earlier termination of this Agreement in accordance with its terms.

“Uncontrollable Circumstance” means any event which renders impossible, prevents, interrupts or delays the performance of an obligation of a party to this Agreement, if such event is beyond the reasonable control of such party and which, by the exercise of due diligence, such party would be unable to overcome, including: strikes, lockouts, sit-downs, material or labor restrictions by any Governmental Authority, shortages of material or labor, unusual transportation delays, riots, floods, explosions, earthquakes, fire, unusually unfavorable weather (including wet grounds or inclement weather which prevents construction), acts of the public enemy, wars, insurrections, the inability to secure necessary Governmental Permits or required agreements with Governmental Authorities (provided that such party has acted with due

diligence and dispatch to negotiate and enter into such agreements and to apply for, pursue and secure such Governmental Permits, including the prosecution or defense of any appeals therefrom), environmental conditions (not the result of any action or omission of such party) requiring remediation, changes in Applicable Law, and the commencement and continued pendency of legal proceedings, not brought by any party to this Agreement or any Affiliate thereof and not based on any event or circumstance which constitutes a breach or default by such party of any obligations, covenants or agreements under this Agreement or which is otherwise within the reasonable control of such party, which legal proceedings restrain or enjoin the performance by such party of such obligation, or, if adversely determined, would effectively prohibit the financing, development or operation of Adriaen's Landing.

“Waterford” means Waterford Development, LLC, a Connecticut limited liability company.

“Work Product” is defined in Section 10.04(a).

“Working Capital Fund” is defined in Section 6.02.

Section 1.02 Interpretation.

(a) References to a “Section”, “Sections”, “Article” or “Articles” herein refer to this Agreement unless otherwise stated.

(b) Words of the masculine gender mean and include correlative words of the feminine and neuter genders and words importing the singular number mean and include the plural number and vice versa.

(c) Any headings preceding the texts of the several Articles and Sections of this Agreement, and any table of contents or index of schedules and exhibits

appended to copies hereof, shall be solely for convenience of reference and shall not constitute a part of this Agreement, nor shall they affect its meaning, construction or effect.

(d) Words such as “hereunder”, “hereto”, “hereof” and “herein” and other words of similar import shall, unless the context requires otherwise, refer to the whole of this Agreement and not to any particular article, section, subsection, paragraph or clause hereof.

(e) A reference to “including” means including without limiting the generality of any description preceding such term and for purposes of this Agreement the rule of *ejusdem generis* shall not be applicable to limit or restrict a general statement, followed by or referable to an enumeration of specific matters, to matters similar to, or of the same type, class or category as, those specifically mentioned.

(f) Any reference to “days” shall mean calendar days unless otherwise expressly specified.

(g) Any reference to any statute, law or regulation (including the Implementing Legislation) includes all statutes, laws or regulations amending, consolidating or replacing the same from time to time, and a reference to a law or statute includes all regulations, codes or other rules issued or otherwise applicable under such law or statute unless otherwise expressly provided in such law or statute or in this Agreement. This rule of interpretation shall be applicable in all cases notwithstanding that in some cases specific references in this Agreement render the application of this rule unnecessary.

(h) Unless otherwise expressly provided herein, any approval, consent, waiver, acceptance, concurrence or permission required to be given or made by any party hereunder shall not be unreasonably withheld or delayed. Wherever under this

Agreement “reasonableness” is the standard for the granting or denial of any approval, consent, waiver, acceptance, concurrence or permission of any party hereto, Owner shall be entitled to consider public policy, including the objectives of the Implementing Legislation, as well as business and economic considerations.

(i) All notices to be given hereunder shall be given in writing (whether or not so specified in a particular provision of this Agreement) within a reasonable time unless otherwise specifically provided.

(j) Whenever any calculation or valuation may be made for any purposes hereunder and the method or manner of such calculation or valuation is not provided for in this Agreement, it shall be done in accordance with GAAP or in such other manner as may be mutually agreed by the parties, unless otherwise required by Applicable Laws.

(k) Owner and Manager have participated in the drafting of this Agreement and any ambiguity contained in this Agreement shall not be construed against Owner or Manager solely by virtue of the fact that either Owner or Manager may be considered the drafter of this Agreement or any particular part hereof.

(l) Each schedule and exhibit referred to in this Agreement shall be considered a part of this Agreement as if fully set forth herein.

ARTICLE II

ENGAGEMENT OF MANAGER; GENERAL RESPONSIBILITIES

Section 2.01 Engagement.

(a) General Scope. Owner hereby engages Manager (i) to provide consulting and pre-opening services during the Pre-Opening Period, and (ii) to promote, operate and manage the Managed Facilities during the Management Term, all upon the terms and conditions hereinafter set forth, and Manager hereby accepts such engagement.

(b) Owner's Objective. Manager acknowledges that Owner's objectives with respect to the Managed Facilities include (i) the operation, management and promotion of the Managed Facilities in a first-class manner consistent with the policies and practices of Comparable Facilities, (ii) the attraction to the City of Hartford of large conventions, tradeshows, consumer shows, exhibitions, conferences and other suitable Events so as to substantially increase the number of visitors to the City of Hartford, (iii) the integration of Convention Center operations with the other elements of Adriaen's Landing to create a revitalized core providing a desirable urban destination for visitors which encourages them to stay, shop, dine and otherwise enjoy Hartford's urban amenities, including in the evening and on weekends, (iv) the stimulation of the economy of the City of Hartford and the State of Connecticut and the creation of new jobs and job opportunities; and (v) the operation of the Managed Facilities on a basis that minimizes operating deficits.

Section 2.02 Standard of Performance.

Manager shall perform its obligations hereunder in a prompt, diligent and professional manner consistent with the Industry Standard and in compliance with Applicable Laws, subject, however, to the limitations of the Annual Budget and the other

terms and conditions of this Agreement. Manager shall manage and operate the Managed Facilities so as to maximize Operating Revenues and, given the level of activity at the Convention Center, minimize Operating Expenses and otherwise so as to conform, to the greatest practicable extent, to the Annual Budget except to the extent of variances favorable to Owner, subject, however, to Manager's right to act in light of the objectives stated in the Recitals to this Agreement and in Section 2.01(b). In this connection, the parties agree that Manager, in implementing the Booking Policy, is expected to schedule not only those Events that generate substantial direct revenue to the Convention Center (including related parking revenues to the Authority), but also those Events that produce less direct revenue but generate substantial direct and indirect economic benefits to the City of Hartford and the Hartford region, including particularly Events that increase hotel occupancy, including on weekends.

Section 2.03 Best Price.

Subject to the other requirements of this Agreement, all purchases of equipment, materials, supplies and inventories reasonably required by Manager as provided in this Agreement shall be made by Manager at the best price reasonably available (taking into account such other factors as service, quality and advertising and promotional tie-ins) as known by Manager considering the quantities required at the time available for delivery and the sources of supply and whenever possible as part of a volume purchase by Manager.

Section 2.04 Corporate Services.

It is the expectation of the parties that Manager shall provide, in consideration of the Pre-Opening Management Fee and the Base Management Fees, certain corporate services similar in type and extent to the corporate services provided by other recognized and experienced managers of Comparable Facilities, including procedures, systems and manuals relating to accounting and financial controls, operating

procedures, purchasing, marketing (including marketing of advertising, branding and pouring rights and other promotional tie-ins), personnel practices and similar matters. Attached as Schedule 1 is a more particular description of such corporate services for purposes of this Agreement (the "Corporate Services"). The costs and expenses attributable to the provision of Corporate Services shall be the responsibility of Manager and shall not be Operating Expenses.

ARTICLE III

MANAGER'S PRE-OPENING RESPONSIBILITIES

Section 3.01 Manager Pre-Opening Services.

During Pre-Opening Period, Manager shall provide to Owner the services specified in this Article III (except that the services described in Section 3.02 shall be provided from the Effective Date).

Section 3.02 Marketing.

(a) Commencing with the Effective Date and continuing through the Pre-Opening Period, in close coordination with the Designated Marketing Agent and, if appropriate, the Office of Tourism and City and State tourism organizations and at the request of Owner, Manager shall assist in the development of a marketing plan and booking strategies (pending completion of the Booking Policy) to maximize the success of the Convention Center and shall assist in the development of marketing, sales and press materials and help launch and coordinate Event booking marketing and sales.

(b) At the request of Owner, Manager shall enter into an agreement with the Designated Marketing Agent, which shall be reasonably satisfactory in both form and substance to Owner and Manager, to provide for the planning, development, coordination and implementation of marketing activities and bookings prior to and during the Pre-Opening Period (and which agreement may also relate to such matters during the Management Term).

(c) Manager shall be entitled to reasonable compensation for services rendered pursuant to this Section 3.02 prior to the Pre-Opening Period and shall be entitled to be reimbursed for direct, out-of-pocket expenses incurred in the provision of

such services (including compensation expense of the General Manager) as and to the extent provided in the letters dated May 21, 2001, and October 23, 2001, attached hereto as Schedule 2. The costs and related expenses of the General Manager as set forth in the letter dated May 21, 2001 shall be payable from and after the Retention Date (as defined in such letter) and until the commencement of the Pre-Opening Period. The fees and expenses for marketing services prior to the commencement of the Pre-Opening Period as set forth in the letter dated October 23, 2001 shall be payable from and after the Effective Date and until the commencement of the Pre-Opening Period.

Section 3.03 Operational Requirements.

Manager shall advise Owner with respect to the anticipated operational requirements of the Managed Facilities and develop operational plans and recommendations, including with respect to the following:

- (a) detailed space and function programs and layouts;
- (b) user/tenant services (*e.g.* electrical and other utility requirements, information technology, in-house services, etc);
- (c) food and beverage services and merchandising, (including preferred locations, and equipment requirements);
- (d) loading, deliveries and waste and snow removal;
- (e) parking and security (day-to-day, Event, "back-door" and exterior).;
- (f) Event staging, rigging, lighting, and sound systems;

- (g) storage, “back-of-house” facilities, common areas and support areas;
- (h) utility locations, requirements, consumption and control;
- (i) sponsorship, advertising and other revenue opportunities;
- (j) coordination of marketing and Event booking policy with the Designated Marketing Agent;
- (k) equipment purchases and rentals;
- (l) box office operations and computerized ticket sales and services;
- (m) furniture, fixtures and movable and fixed equipment;
- (n) staffing levels;
- (o) housekeeping and maintenance;
- (p) pedestrian traffic flow;
- (q) mechanical and electrical services;
- (r) public safety, security and communications systems, signage; and
- (s) value engineering if appropriate.

Section 3.04 FF&E.

Manager shall provide comprehensive services for the coordination of delivery and installation of all necessary furniture, fixtures and moveable equipment (the “FF&E”), including the following:

- (a) coordinate delivery times with the project schedule and prepare final delivery, storage and installation schedules;
- (b) oversee delivery and installation of FF&E;
- (c) develop all instructions for delivery and installation; assist Owner with installation coordination;
- (d) arrange and review warranties; arrange service agreements and preventive maintenance programs; and
- (e) request that the FF&E factory/product representatives will be on-site for Opening Date and a reasonable period thereafter to oversee reliable initial performance and perform emergency repairs if necessary.

FF&E services pursuant to this Section 3.04 are intended to compliment, and not duplicate, services to be provided by Waterford Development, LLC as Project Manager under the Development Agreement.

Section 3.05 Final Inspection.

In connection with the Substantial Completion of the Convention Center, Manager shall assist Owner with final inspections and in preparing a “punch list” of all

items requiring correction. It is expressly understood and agreed that all services provided by Manager during the Pre-Opening Period are to enhance the future marketing, promotion, and operation of the Managed Facilities, and are not, and shall not be deemed to be, professional design, architectural, or engineering services.

Section 3.06 Coordination.

Manager shall coordinate and participate in meetings with Owner and its representatives and advisors, prospective suppliers, vendors and concessionaires, and others as reasonably necessary to facilitate the planning and coordination of Convention Center operations.

Section 3.07 Preparation.

In cooperation with Owner, Manager shall assist and advise in the preparation of Convention Center for operations on and after the Opening Date. Such responsibilities shall include the following:

- (a) Staffing. Define job descriptions and develop personnel policies; recruit and train staff; hire the General Manager, subject to the approval of Owner. The General Manager, and such additional on-site staff as is necessary to prepare for opening, shall be hired at such time or times as necessary to properly ready the Convention Center for operations, but in no event later than six (6) months prior to the anticipated Opening Date. Pending the availability of space for the General Manager and other on-site staff within the Convention Center, Manager shall arrange for temporary office space in the vicinity of the Convention Center, as reasonably available. The costs of such staffing and temporary office space shall be Pre-Opening Period Operating Expenses.

- (b) User Policies. Develop user policies, including rental rates and service fees, user policy manual and user contracts, and user rules and regulations.
- (c) Marketing. To the extent not completed prior to the beginning of the Pre-Opening Period pursuant to Section 3.02, develop all marketing, press and sales materials in close coordination with the Designated Marketing Agent; develop marketing plan; develop booking strategies to maximize the success of Convention Center.
- (d) Advertising. To the extent not completed prior to the beginning of the Pre-Opening Period pursuant to Section 3.02, in close coordination with the Designated Marketing Agent and, if appropriate, the Office of Tourism and City and State tourism organizations, organize and launch appropriate marketing efforts for advertising, signage and other sponsorship opportunities; conduct advertising campaigns in trade publications and newspapers.

Section 3.08 Policies and Procedures.

Manager shall develop and recommend to Owner for its approval policies and procedures, including in each case adequate internal financial controls, addressing the following operating areas:

- (a) box office and ticket sales;
- (b) Event and building security, admissions and security control;

- (c) change-over of the various spaces;
- (d) crowd management;
- (e) special needs such as: first aid, services for disabled, and customer assistance;
- (f) janitorial maintenance including pest control and waste removal, preventive maintenance for all building HVAC, mechanical and electrical building systems and all equipment;
- (g) use of outside contractors for electrical, decoration, security, casual labor and other purposes as recommended by Manager; and
- (h) other operational matters customarily addressed in operating policies and procedures at Comparable Facilities or otherwise reasonably required by Owner. All such policies and procedures shall conform to the Industry Standard.

Such policies and procedures, upon approval by Owner, are referred to herein as the "Operating Procedures".

Section 3.09 Booking Policy.

In consultation with the Designated Marketing Agent, Manager shall develop and recommend to Owner a booking policy for Events at the Managed Facilities. The booking policy shall be developed in light of the objectives set forth in Sections 2.01 and 2.02 and consistent with the assumptions in the Feasibility Study and shall specify rental rates and service fees, booking priorities and the respective roles and responsibilities of Manager and the Designated Marketing Agent in booking and

scheduling. Such booking policy, upon approval by Owner, is referred to herein as the "Booking Policy".

Section 3.10 Program for Promotional Tie-Ins, Trade-Outs, Etc.

Manager shall develop and recommend to Owner for its approval a program for the sale of branding rights, pouring rights and other promotional tie-ins and trade-outs which shall state the objectives and establish guidelines for such arrangements. In all cases such guidelines shall be designed to insure that such arrangements benefit Owner by increasing Operating Revenues, reducing Operating Expenses or both. Such program shall include a requirement for Owner approval of any single arrangement of a value in excess of \$25,000 or with a term extending more than six (6) months beyond the Scheduled Termination Date. Such program, upon approval by Owner, is referred to herein as the "Sponsorship Program".

Section 3.11 Other Pre-Opening Deliverables.

During the Pre-Opening Period, and in any event no later than six (6) months prior to the anticipated Opening Date, Manager shall develop and present to Owner for its approval the first Annual Budget, first Annual Marketing Plan, as well as the Rules and Regulations, Security Plan and other documents to be furnished to Owner as specified herein.

Section 3.12 Accounting Systems.

Manager shall develop cash handling procedures and establish charts of accounts and total accounting system, including payroll, accounts receivable, accounts payable, general ledger, bank accounts and managerial reports, all consistent with GAAP and the Industry Standard.

Section 3.13 Pre-Opening Business Plan.

Manager shall prepare and submit for review by Owner no later than sixty (60) days prior to the Pre-Opening Period, a business plan (the “Pre-Opening Business Plan”) setting forth Manager’s business objectives and strategy for the Pre-Opening Period, including, without limitation, the types and quantity of Events, marketing strategies, personnel requirements, revenue goals, strategies for reducing expenses and increasing revenues and general business approach and strategy and schedule for the preparation and approval of the programs, policies and procedures to be developed during the Pre-Opening Period pursuant to this Article III. Owner and Manager shall reasonably agree on a final Pre-Opening Business Plan not later than sixty (60) days following submission of the initial version thereof.

Section 3.14 Pre-Opening Budget.

(a) Simultaneously with and based on the Pre-Opening Business Plan, Manager shall prepare and submit to Owner an operating budget (the “Pre-Opening Budget”) for the Pre-Opening Period, listing by category all projected Pre-Opening Period Operating Expenses; (b) Manager and Owner shall reasonably agree on a final Pre-Opening Budget within sixty (60) days of the day on which the initial version was submitted; and (c) Manager and Owner may revise the Pre-Opening Budget at any time by mutual agreement.

Section 3.15 Variances.

Within fifteen (15) days after the end of each quarter during the Pre-Opening Period, Manager shall submit to Owner a statement (the “Pre-Opening Quarterly Statement”) showing the Pre-Opening Operating Expenses for such quarter as well as a detailed explanation of any significant variances from the Pre-Opening Period Budget.

Section 3.16 Pre-Opening Expense Account.

Prior to the beginning of the Pre-Opening Period, Owner shall establish with the Depository an interest-bearing account in the name of Owner, with Manager as agent and designated signature authority in the name of such employees of Manager as may be approved by Owner (the "Pre-Opening Expense Account"). The Pre-Opening Expense Account shall remain the property of Owner. Owner shall deposit in the Pre-Opening Expense Account no later than the beginning of the Pre-Opening Period and shall maintain in the Pre-Opening Expense Account at all times during the Pre-Opening Period, an amount sufficient so that the balance available in the Pre-Opening Expense Account is at least sufficient to cover the next three (3) months of Pre-Opening Operating Expenses as set forth in the Pre-Opening Budget. Amounts on deposit in the Pre-Opening Expense Account shall be used by Manager first to the payment of installments of the Pre-Opening Management Fee then due and thereafter to pay other Pre-Opening Period Operating Expenses then due. The balance shall be retained in the Pre-Opening Period Expense Account as a reserve against other Pre-Opening Period Operating Expenses. Any amounts on deposit in the Pre-Opening Expense Account at the end of the Pre-Opening Period, after payment of all outstanding Pre-Opening Management Fees and Pre-Opening Operating Expenses, shall be deposited to the Operating Fund.

ARTICLE IV

MANAGER'S MANAGEMENT RESPONSIBILITIES DURING MANAGEMENT TERM

Section 4.01 Management Services Generally.

During the Management Term, Manager shall promote, operate and manage the Managed Facilities in accordance with the terms of engagement and standard of performance set forth in Article II and the other terms and conditions of this Agreement. Recognizing that Owner will not have facility administrative or operational personnel, such services shall include day-to-day administrative and operational services necessary for the operation of the Managed Facilities in the manner contemplated by this Agreement, including the implementation on behalf of Owner of the operational plans, policies and procedures developed pursuant to Sections 3.02, 3.03, 3.07, 3.08, 3.09, 3.10, 3.11 and 3.12. Without limiting any other requirements of this Agreement, during the Management Term Manager shall provide the services specified in this Article IV.

Section 4.02 Annual Budget.

(a) Manager shall, no later than ninety (90) days prior to the beginning of each Contract Year of the Management Term, submit to Owner an Annual Budget ("the Annual Budget") for the coming Contract Year showing all projected Operating Revenues and Operating Expenses on a line item basis.

(b) The Annual Budget shall be approved on a line item and bottom line basis by Owner within sixty (60) days of the date of its submission. Owner shall have final approval of the Annual Budget. Without limiting the foregoing, Owner may approve or reject line items in the Annual Budget.

(c) If Owner objects in writing to Manager's proposed Annual Budget or any line item therein within such sixty (60) day period, the parties shall confer in good faith to settle the disagreement, with the objective that the Annual Budget be agreed upon no later than thirty (30) days prior to the beginning of the Contract Year.

(d) Manager and Owner may revise the Annual Budget at any time by mutual agreement, provided that Owner may submit any variance of more than ten percent (10%) in either total budgeted Operating Revenues or total budgeted Operating Expenses to Owner's Board of Directors for approval.

Section 4.03 Capital Improvements Budgets.

As part of the budget process pursuant to Section 4.02, Manager shall also submit to Owner a budget for projected Capital Expenditures for each Contract Year covered by an Annual Budget, as well as a projection of Capital Expenditures for the next five (5) years, which budget shall be subject to mutual agreement of the parties. In addition, if Manager at any time becomes aware of any condition that jeopardizes the structural soundness or operational capability of the Convention Center, or the public safety, Manager shall so advise Owner in writing within seven (7) days, and Owner shall, within such time as is reasonable under the circumstances, make available the funds (each an "Emergency Expenditure") necessary to correct such condition; provided, however, that Manager shall have the right to expend any available funds to prevent or attempt to prevent or mitigate an imminent danger of damage to property or injury or death to persons; and provided further, that in the event Owner shall elect not to provide such Emergency Expenditures, Owner shall indemnify and hold harmless Manager against any and all claims by third parties relating to such conditions. The Capital Expenditures budget shall be contained in and comprise a part of the Annual Budget.

Section 4.04 Marketing and Promotion.

Manager shall provide all marketing activities which shall be undertaken in a manner consistent with optimizing the use of the Managed Facilities. Manager shall pursue an aggressive promotional campaign for the Managed Facilities in cooperation with the Designated Marketing Agent and, as appropriate, the Office of Tourism of the State of Connecticut and other City and State tourism campaigns. Manager shall be responsible for coordinating with Owner and the Designated Marketing Agent with the objective that conventions, conferences, banquets, consumer shows, tradeshow, exhibitions and other programs are booked into the Convention Center consistent with the Booking Policy and that suitable press coverage is obtained. Manager shall prepare and submit to Owner an annual marketing plan (the "Annual Marketing Plan") on a date reasonably required by Owner, which shall set forth in detail Manager's strategy for marketing and promoting the Managed Facilities for such time period, including the types and quantity of Events to be pursued and booked to the Convention Center, attendance goals, and other relevant information, including such changes, if any, to the Booking Policy as may be recommended by Manager. The Annual Marketing Plan shall include provision for surveys of licensees and sponsors of Events to determine the level of satisfaction with Convention Center facilities, operations and service. Survey results shall be made available by Manger to Owner. Owner and Manager shall reasonably agree on a final Annual Marketing Plan not later than sixty (60) days following submission thereof.

Section 4.05 Booking and Scheduling.

Manager shall be responsible for booking and scheduling of all Events held at the Convention Center, and all Event dates arranged through the Designated Marketing Agent shall be subject to final acceptance by Manager. All booking and scheduling of Events shall be in accordance with the Booking Policy unless Owner otherwise approves. If more than twenty (20) dates per year, per single user, are

planned, Manager shall contact Owner for approval prior to booking such Event(s). Starting six (6) months prior to the projected Opening Date and with the submission of the Annual Budget each year thereafter, Manager shall submit to Owner a calendar (the "Scheduling Calendar") setting forth the scheduled Events and tentatively scheduled Events for the coming twelve (12) month period. The Scheduling Calendar shall be updated and extended by Manager on a monthly basis and submitted to Owner.

Section 4.06 Rules and Regulations.

Manager shall develop and recommend to Owner for its approval user policies and rules and regulations (the "Rules and Regulations"). All Event license agreements, and all users of the Managed Facilities, shall be subject to the Rules and Regulations.

Section 4.07 Location Maintenance.

Manager shall be responsible for all maintenance to all of the facilities at the Managed Facilities, and all repairs (except to the extent constituting Capital Expenditures), including elevators, elements of the electrical and mechanical systems, all furniture, fixtures and equipment, plumbing systems, building exterior, drains, roof, sidewalks, entranceways, exterior lighting, interior promenades and walkways, as well as custodial cleaning services, pest control and trash removal. Without limiting the foregoing, Manager shall develop and implement preventive maintenance procedures designed to keep the Managed Facilities in First Class Condition, subject to the limitations of the Annual Budget and the availability of funds from Owner. Manager shall promptly advise Owner if Manager determines at any time that it is unable to maintain the Managed Facilities in First Class Condition as a result of limitations in the Annual Budget or an insufficiency of funds from Owner.

Section 4.08 Operational Services.

Manager shall be responsible for all services required to prepare (set up and tear down) the Managed Facilities for each Event, including but not limited to services involving the tradeshow, meeting and banquet areas, sound and lighting systems, staging, rigging, electrical distribution, communications and business services. Manager shall be responsible for providing all management staff, maintenance and engineering staff, ticket sales personnel, event managers, security personnel, technicians and service representatives, custodial staff and other personnel required for the operation of the Managed Facilities.

Section 4.09 Ticket Sales.

Manager shall be responsible for the process of selling tickets for the Managed Facilities for public Events which require paid tickets for admissions, including the supervision of arrangements with computerized ticketing services. These services shall include ordering, selling and accounting for tickets, reporting ticket revenues for a given Event for each applicable user of the Convention Center, cash and credit card processing, complete accounting for each applicable Event, and timely exchange of income less expenses at the end of each applicable Event in accordance with Industry Standards.

Section 4.10 Security.

Manager shall arrange for security for Events at the Managed Facilities and for general facility security when Events are not in progress, including security in the entrance lobby and the loading ramp area. Representatives from Manager shall meet with representatives from Owner (and the City, if appropriate) to develop a security plan (the "Security Plan") for the Convention Center for Event and day-to-day security. Manager shall coordinate security for the Convention Center with Owner and the City in

order that there are no gaps in security (nor unnecessary overlaps). The Security Plan shall include both emergency and non-emergency procedures and protocols to be followed by any Manager-contracted security in all aspects of the Security Plan so that all security personnel are fully familiar with the security protocols.

Section 4.11 Contracts and User Agreements.

Subject to Section 5.04 and Article VII, Manager shall negotiate, execute, and perform all contracts, use agreements, licenses and other agreements (a) with persons who desire to schedule Events, or who desire otherwise to use the Managed Facilities or any part thereof or (b) that otherwise pertain to the use, operation and occupancy of the Managed Facilities or any part thereof. Event license agreements shall be approved by Owner as to general form and content.

Section 4.12 Advertising Sales.

Subject to the overall authority of Owner pursuant to Article VII, Manager shall negotiate, execute and perform all contracts, use agreements, licenses and other agreements (a) for the use of advertising space in or about the Convention Center and all advertising rights of whatever kind or nature related to the Convention Center or (b) for the sale, promotion, marketing and use of all names, trademarks, trade names, logos and similar intangible property relating to the Convention Center. Advertising, including the location of advertising, within the Managed Facilities shall be subject to the approval of Owner.

Section 4.13 Coordination of Parking.

Manager shall coordinate parking arrangements with respect to Convention Center operations and act as the representative of Owner under any parking management agreements with respect to Convention Center parking.

Section 4.14 Relationship with Convention Center Hotel.

Manager shall coordinate operations with the manager of the Convention Center Hotel in an effort to facilitate bookings, maximize use of the Managed Facilities, contribute to the financial success of the Convention Center and otherwise provide to users of the Convention Center, whether or not guests of the Convention Center Hotel, a high quality experience. All arrangements with the manager or operator of the Convention Center Hotel shall be on terms no more or less favorable than if negotiated at arm's length and shall result in no material differences in allocations of revenues and expenses or use of respective facilities as compared to similar facilities under separate management. While the parties expect that there will be few occasions when the Managed Facilities and the Convention Center Hotel are competing for an event which is suitable for either facility, it is their intent that any such competition be conducted in a manner which is fair, independent and at arm's length. Accordingly, Manager shall compete for all events for which the Managed Facilities are suitable and available, whether or not such events might also be of interest to the Convention Center Hotel, and in no event shall Manager disclose, divulge or communicate to the manager or operator of the Convention Center Hotel, or any sales personnel or marketing agency acting on behalf of the Convention Center Hotel, any leads for event bookings suitable for the Managed Facilities (unless the Managed Facilities are unavailable therefor) or any other proprietary information relating to bookings, pricing or event marketing with respect to the Managed Facilities.

Section 4.15 Supervisor of Concessionaire.

Subject to the rights reserved to Owner in Section 7.01, Manager shall act as Owner's day-to-day contract administrator under the Concession Agreement and supervise the sale of food, beverage, and novelties by Concessionaire.

Section 4.16 Outside Legal Counsel.

Manager shall retain legal counsel, with Owner's prior approval, as may be reasonably necessary in connection with the management and operation of the Convention Center pursuant to this Agreement, including in connection with any claims, suits or other legal proceedings, and cause such counsel to coordinate with Owner's legal counsel where necessary or appropriate. Except for any such costs as to which Owner is entitled to indemnification pursuant to Section 12.01(a), the costs of such legal counsel shall be considered an Operating Expense.

Section 4.17 Reciprocal Easement Agreement.

To the extent that compliance with the terms of the Reciprocal Easement Agreement is a function of the services otherwise to be provided by Manager hereunder, Manager shall comply with all applicable provisions of the Reciprocal Easement Agreement.

Section 4.18 Accounts Payable.

Manager shall make prompt payment of the Operating Expenses from funds available for that purpose under this Agreement.

Section 4.19 Operating Procedures.

Manager shall implement and comply with the Operating Procedures, including to the extent applicable to Manager's other duties and responsibilities under this Article IV.

ARTICLE V

MANAGER'S RIGHTS, POWERS AND OBLIGATIONS

Section 5.01 Grant of Authority.

Owner hereby grants to Manager, and Manager hereby accepts, the exclusive rights and obligations, in its own name, as an independent contractor and not as an agent of Owner, to provide those management services to Owner as are set forth in this Agreement.

Section 5.02 Property; Inventory Practices.

Manager shall have no authority to sell, remove from the premises, or otherwise dispose of, or to encumber or alienate any personal or real property owned, leased, or otherwise controlled or maintained by Owner (except for the disposal in the ordinary course of personal property which is obsolete or damaged and no longer used or usable in connection with Convention Center operations). Manager shall maintain a fixed asset inventory, shall implement and comply with inventory control procedures meeting the Industry Standard, including scannable tagging of individual items of fixed inventory or other Industry Standard means of identification and tracking fixed inventory items, and shall perform an annual audit of the fixed asset inventory and provide such inventory to Owner.

Section 5.03 Capital Improvements.

Except for the Capital Expenditures set forth in the Annual Budget and Emergency Expenditures, Manager shall have no authority to make any material alterations or any capital improvements to the Convention Center without the prior written consent of Owner. Manager shall obtain Owner's prior written approval before

making any Capital Expenditure, unless Manager believes in good faith that the emergency nature of the needed expenditure makes it imprudent to delay action by the time needed to seek such prior approval.

Section 5.04 Licenses, Contracts and Vendors.

(a) With respect to any management obligations imposed on Manager under this Agreement, Manager shall be permitted to enter into such licenses, grant such concessions, engage such third party vendors and contractors and enter into such other agreements or arrangements with other Persons as Manager deems necessary, advisable or desirable to provide goods or services to the Managed Facilities; provided that no such license, concession or contract shall release Manager from any obligations under this Agreement, and any such license, concession or contract shall be subject to this Agreement. The prior approval of Owner shall be required for any license, concession or contract of a value greater than Twenty-Five Thousand Dollars (\$25,000.00) in any Contract Year or if the term of any such license, concession or contract shall extend more than six (6) months beyond the Scheduled Termination Date.

(b) All contracts entered into by Manager shall provide that the same are assignable to Owner without the vendor's prior consent and, notwithstanding any contrary provision hereof, upon termination of this Agreement for any reason, Manager agrees that Owner shall have the right to and Owner hereby agrees to assume (or to arrange for a successor management company to assume) in writing any or all then outstanding contracts affecting the Convention Center.

Section 5.05 Settlement of Claims and Suits.

Manager shall be advised by Owner (and Owner shall continually keep Manager apprised) of Owner's procedures and requirements in respect to settlement of third party claims filed with and lawsuits filed against Owner with respect to the

operation of Managed Facilities. Manager agrees to implement and comply with such settlement procedures as it has been advised of by Owner and applicable claim and settlement requirements of policies of insurance provided pursuant to Article XII. In the event that Manager is also named as a defendant, the parties agree to discuss and cooperate in the defense of such matter, subject to applicable conflict of interest and insurance requirements. All settlements shall be subject to the approval of Owner. Both parties agree that they will immediately notify the other party in writing of any third party claim, threatened litigation or lawsuit filed which relates to the Managed Facilities or the operation thereof in any way.

Section 5.06 Meetings with Owner.

During both the Pre-Opening Period and the Management Term, the General Manager and other executive officers of Manager shall be available to meet periodically with the Executive Director and/or Owner's Board of Directors at their invitation to report on and discuss the status of Convention Center plans, operating results, budgets and projections and such other matters relating to Manager's responsibilities under this Agreement as the Executive Director or Owner's Board of Directors may reasonably request.

ARTICLE VI

FUNDS AND ACCOUNTS

Section 6.01 Operating Fund.

After the Opening Date, Manager shall collect all Operating Revenues and deposit them in an interest-bearing account or accounts at the Depository in the name of Owner, with Manager as agent and designated signature authority in the name of such employees of Manager as may be approved by Owner (the "Operating Fund"). All Operating Revenues shall remain the property of Owner and shall be promptly deposited in the Operating Fund. The Operating Fund shall remain the property of Owner. Monies in the Operating Fund and any interest thereon shall be applied first to the payment of Base Management Fees accrued through the end of the prior month and thereafter to any other Operating Expenses then accrued. The balance shall be retained in the Operating Fund as a reserve for payment of future Operating Expenses. If, at the end of any Contract Year, there shall be a balance in the Operating Fund in an amount in excess of the anticipated Operating Expenses for the first three (3) months of the ensuing year, Manager shall disburse such excess to Owner on or before the end of the first month of such ensuing Contract Year, subject to the provisions of this Agreement. Any amounts remaining in the Operating Fund upon expiration or termination of this Agreement, after payment of all outstanding Operating Expenses and Management Fees, shall be promptly paid by Manager to Owner.

Section 6.02 Working Capital Fund.

In order to provide the working capital necessary to permit Manager to perform its obligations hereunder with respect to Operating Expenses not funded by Operating Revenues, prior to the Opening Date Owner shall deposit in an interest-

bearing account in the Depository (“Working Capital Fund”), an amount not less than the aggregate of the projected Operating Expenses for the first three (3) months of operations of the Managed Facilities, subject to replenishment as provided in Sections 6.03 and 6.04. Such account shall be in the name of Owner, with Manager as agent and designated signature authority in the name of such employees of Manager as may be approved by Owner. The Working Capital Fund shall remain the property of Owner.

Section 6.03 Replenishment.

By no later than the first day of each Contract Year, Owner shall deposit in the Working Capital Fund such amount as is necessary to replenish the Working Capital Fund to an amount not less than the aggregate of projected Operating Expenses for the first three (3) months of the approved Annual Budget for such Contract Year.

Section 6.04 Application to Unfunded Operating Loss.

If, after the first day of any month, the amount of monies on deposit in the Operating Fund and available for that purpose shall be insufficient for the payment of Operating Expenses then due or budgeted to become due during such month, Manager may (but shall not be required to) advance the amount of such insufficiency from the Working Capital Fund to the Operating Fund. Manager shall immediately notify Owner of any such advance, and Owner shall promptly, but in no event later than the tenth (10th) day following the giving of such notice, restore to the Working Capital Fund the amount of such advance.

Section 6.05 Application to Emergency Needs.

If, at any time, or from time to time, moneys on deposit in the Operating Fund (together with funds made available therefor by Owner under this Agreement) are

insufficient to fund Emergency Expenditures, Manager may (but shall not be required to) advance from the Working Capital Fund to the Operating Fund the amount of such insufficiency. Manager shall immediately notify Owner of such advance, and Owner shall promptly, but in no event later than the tenth (10th) day following the giving of such notice, restore the Working Capital Fund the amount of such advance.

Section 6.06 Ticket Sales Revenues.

Manager shall hold in a separate interest-bearing account at the Depository any ticket sale revenues which it receives with respect to an Event to be held at the Managed Facilities pending the completion of the Event. Such monies are to be held for the protection of ticket purchasers, Owner and Manager, and to provide a source of funds, as required for such payments to performers and promoters and for such payments of Operating Expenses in connection with the presentation of Events as may be required to be paid contemporaneously with the Event. Following the satisfactory completion of each Event, Manager shall make a deposit into the Operating Fund established pursuant to Section 6.01 above of the balance remaining in such separate account for such Event after payment of such Event-related expenses and provide Owner with a full Event settlement report.

Section 6.07 No Obligation of Manager to Advance Funds.

(a) Owner is solely responsible for and shall promptly pay, or provide funds to Manager to enable Manager to pay, all Operating Expenses, Emergency Expenditures, and Capital Expenditures. Manager shall not be obligated to make any advance of its own funds to or for the account of Owner or to pay any sums incurred for the performance of services or goods delivered to the Managed Facilities, nor shall Manager be obligated to incur any liability or obligation for the account of Owner.

(b) Notwithstanding anything to the contrary set forth in this Agreement, Owner recognizes and agrees that performance by Manager of its responsibilities under this Agreement is in all respects subject to and conditioned upon Owner's provision of funds to Manager for such purposes as hereinafter provided, in addition to the Management Fees payable to Manager hereunder, to enable Manager to fulfill such responsibilities.

Section 6.08 Reserve for Replacements.

Owner shall be entitled, in the discretion of Owner's Board of Directors, to establish and maintain a reasonable reserve for replacements for the Convention Center (the "Replacement Reserve Fund") from Hotel Tax Revenues and Net Parking Revenues received by Owner and other sources legally available therefor. Amounts deposited and held in the Replacement Reserve Fund shall be exclusively in the custody and under the control of Owner and, without the approval of Owner's Board of Directors, shall not be used to pay Operating Expenses.

Section 6.09 Non-Appropriation.

Manager acknowledges and agrees that all payments required to be made by Owner under this Agreement, including Operating Expenses and Management Fees, shall be made solely from the Operating Revenues and other funds of Owner legally available therefor, and that the State of Connecticut is under no obligation to appropriate or otherwise make available to Owner any additional funds for such purposes. In the event that Operating Revenues and other funds of Owner legally available therefor are not adequate to make the payments required under this Agreement, and the State of Connecticut fails to appropriate or otherwise make available sufficient additional funds for such purposes, the parties shall negotiate in good faith modifications to this Agreement (including reductions in budgeted Operating Expenses) in an effort to continue, if practicable, Convention Center operations at a reduced level commensurate with available

funding. In the event that the parties fail, within a period of thirty (30) days following the determination of such funding deficiency, to agree on such modifications, either party, on thirty (30) days' prior written notice to the other, may terminate this Agreement.

ARTICLE VII

OWNER'S RIGHTS AND POWERS

Section 7.01 Powers Reserved to Owner.

In addition to the other powers, rights and privileges, including approval rights, given or reserved to Owner elsewhere in this Agreement, Owner reserves to itself the exclusive authority and responsibility for the following matters:

- (a) soliciting, negotiation and entering into a contract with respect to Concession Services and managing the contractual relationship with the Concessionaire;
- (b) Convention Center parking, including arrangements for use, management and operation of the Related Parking Facilities;
- (c) approval of any exclusive branding or sponsorship relationships;
- (d) the sale or license of broadcasting and internet rights and the operation of, and licensing others to operate, video games and other games of entertainment value (including video slot machines or similar gaming devices, if legalized);
- (e) the establishment of ticket surcharges for Events (after consultation with and subject to the approval of Manager);
- (f) the approval or disapproval of specific Events or types of Events if, in the reasonable judgment of Owner, such Events are not suitable for the Convention Center or might tarnish its image (any

such right of approval or disapproval to be exercised promptly by Owner and with due regard for the proper operation of the Booking Policy);

- (g) signage and advertising displayed on the exterior of the Convention Center;
- (h) rights of entry and alteration to the Managed Facilities pursuant to Sections 7.02 and 7.03;
- (i) rights with respect to naming rights pursuant to Section 7.04;
- (j) rights of final approval with respect to arrangements with the manager of the Convention Center Hotel to assure compliance with the provisions of Section 4.14;
- (k) control and use of Hotel Tax Revenues and Net Parking Revenues (except that, without creating any lien, charge or other encumbrance with respect thereto, Owner acknowledges that Hotel Tax Revenues and Net Parking Revenues have been identified as a source of funding of the Convention Center operating deficits projected in the Feasibility Study and Owner agrees to manage and deal with such Hotel Tax Revenues and Net Parking Revenues with due regard for the need for such funding); and
- (l) such other matters as may be mutually agreed by the parties.

In exercising such reserved rights, Owner shall act in a reasonable manner in furtherance of Owner's objectives as set forth in Section 2.01(b) and, to the extent applicable in the circumstances, standard industry practices at Comparable Facilities. Owner reserves to

itself, in addition to the above-mentioned rights, all other rights not expressly granted to Manager.

Section 7.02 Right of Entry Reserved.

Representatives of Owner designated by Owner shall have the right at any time to enter all portions of the Managed Facilities to inspect same, to observe or assess the performance of Manager of its obligations under this Agreement, to install, remove, adjust, repair, replace or otherwise handle any equipment, utility lines, or other matters in, on, or about the premises, or to do any act or thing which Owner may be obligated or have the right to do under this Agreement. The foregoing sentence shall not, however, apply to certain mutually agreed upon areas which Manager reasonably deems appropriate to restrict access for security purposes, such as areas which contain supplies and inventory, cash receipts, and books and records; in those areas, Owner shall have the right to enter upon reasonable advance notice to Manager and at appropriate times. Nothing contained in this Section 7.02 is intended or shall be construed to limit any other rights of Owner under this Agreement. Owner shall not interfere with the activities of Manager hereunder, and Owner's actions shall be conducted so as not to disrupt Manager's ability to perform its obligations under this Agreement. Nothing in this Section shall impose or be construed to impose upon Owner any independent obligation to construct or maintain or make repairs, replacements, alterations, additions or improvements or create any independent liability for any failure to do so.

Section 7.03 Alterations to the Managed Facilities.

Manager acknowledges that Owner shall have the right to make such alterations to the Managed Facilities, at any time and from time to time, as Owner deems desirable. Notwithstanding the provisions of this Section 7.03, if such changes would, in Manager's reasonable judgment, materially interfere, impede or impair the ability of Manager to manage, operate or promote the Managed Facilities, (a) Manager shall not be

considered to be in breach of this Agreement to the extent that its breach is due to such changes, and (b) the Revenue and Expense Benchmarks, as appropriate, shall be equitably adjusted so that they reflect the additional costs or reduced revenues resulting from the implementation of such changes. Owner shall make reasonable efforts to coordinate any such alterations with Manager so as to minimize any adverse impact on operations.

Section 7.04 Naming Rights.

Manager acknowledges that, pursuant to the Implementing Legislation, the sale of naming rights with respect to the Convention Center is subject to approval of the Secretary. As between Owner and Manager, Owner reserves to itself exclusively all rights with respect to such naming rights.

ARTICLE VIII

TERM

Section 8.01 Pre-Opening Period.

The Pre-Opening Period shall begin on the first day of the eighteenth (18th) month prior to the Projected Opening Date and end on the day preceding the Opening Date (the "Pre-Opening Period").

Section 8.02 Management Term.

The Management Term of this Agreement shall commence on the Opening Date and shall end at midnight on the Scheduled Termination Date, unless earlier terminated pursuant to the provisions of this Agreement (the "Management Term"). Notwithstanding anything to the contrary in this Agreement, the Management Term of this Agreement shall not exceed five (5) years, and this Agreement, if it has not sooner terminated or been terminated in accordance with its terms, shall be terminable by Owner, without penalty or cause, at the end of the third (3rd) year of the Management Term.

Section 8.03 Early Termination.

(a) Owner shall have the right to terminate this Agreement prior to the Opening Date in the event of a Material Waterford Default as defined in the Development Agreement. Manager shall have the right to terminate this Agreement prior to the Opening Date in the event of a Material State Default as defined in the Development Agreement.

(b) Either party shall have the right to terminate this Agreement prior to the expiration of the Management Term pursuant to Sections 6.09, 16.01, 16.02, 17.03 and 17.22 or in the event that the Concession Agreement terminates or is terminated for any reason.

(c) The effect of any such termination of this Agreement shall be governed by Section 16.03.

Section 8.04 Extension of Management Term to Account for Suspension of Operations.

In the event of a fire, storm or other casualty or any regulatory action or requirement that results in the suspension of Convention Center operations for a period longer than ninety (90) days in circumstances where the Convention Center is expected to reopen, the Scheduled Termination Date shall be equitably extended to give effect to the agreement of the parties to a Management Term of three (3) years, subject, however, to the last sentence of Section 8.02.

Section 8.05 Surrender.

Upon termination of this Agreement (termination shall, for all purposes in this Agreement, include early termination pursuant to the terms of this Agreement and any expiration of the term hereof), Manager shall surrender and vacate the Managed Facilities upon the effective date of such termination. The Managed Facilities and all equipment and furnishings shall be returned to Owner in First Class Condition (except to the extent Owner failed to make sufficient funds available to maintain the same First Class Condition). All Work Product shall be immediately surrendered to Owner by Manager upon termination, provided that Manager may retain a copy thereof solely for purposes of this Agreement.

Section 8.06 Transition Generally.

The parties acknowledge the importance of a smooth transition of responsibility and uninterrupted operation of the Managed Facilities upon termination of this Agreement. Following such termination, Manager shall provide to Owner, at no additional cost, the right to use any of Manager's proprietary software for a period of not less than one hundred eighty (180) days to allow Owner a transition period for computer conversion. Manager shall otherwise cooperate with Owner and any successor management company in an effort to minimize any disruptions in operations relating to such termination, including the provision of reasonable access to Manager's supervisory personnel.

Section 8.07 Subsequent Management Contract.

Owner expressly reserves the right to submit the management contract for the Convention Center for the period following the Management Term to a process of competitive negotiation on a request for proposals basis. In the event that Owner's Board of Directors determines, in its sole discretion, that the next management contract for the Convention Center will not be awarded subject to competitive negotiation, Owner will discuss and negotiate in good faith a new contract or arrangement with Manager for the provision of such services. The undertaking to negotiate with Manager in such circumstances is not intended to guarantee any right to a future contract or arrangement with Manager or any specific terms of any such future contract or arrangement.

Section 8.08 Notice; Employees.

Owner shall notify Manager at least one hundred eighty (180) days prior to the Scheduled Termination Date whether Owner intends to submit the next contract for management of the Convention Center to a process of competitive negotiation; provided, however, no failure by Owner to provide such notification shall provide any right to

Manager with respect to a future contract or limit the discretion of Owner in fact to award such contract through a process of competitive negotiation. Owner may require any successor management company to employ for a period of ninety (90) days following termination of this Agreement, subject to dismissal for cause, in similar positions at the Convention Center and with similar compensation and benefits, all those employees of Manager that (a) are employed at the Convention Center at the time of such termination, and (b) Manager has not notified Owner that Manager intends to employ elsewhere. In the event that Owner intends to require the successor management company to provide such employment, Owner shall so notify Manager at least ninety (90) days prior to the Scheduled Termination Date and Manager shall cooperate with Owner and with the successor management company in an effort to implement such employment arrangement.

ARTICLE IX

MANAGER'S COMPENSATION

Section 9.01 Pre-Opening Management Fee.

For its services during the Pre-Opening Period, Manager shall be paid a fixed fee of One Hundred Fifty Thousand Dollars (\$150,000.00) (the "Pre-Opening Management Fee"). The Pre-Opening Management Fee shall be payable in eighteen (18) equal monthly installments payable on the last day of each month during the Pre-Opening Period. It is understood that the Pre-Opening Management Fee is in addition to Pre-Opening Operating Expenses set forth in the Pre-Opening Budget for which Owner shall be responsible.

Section 9.02 Fees during Management Term.

As total compensation to Manager for all services hereunder during the Management Term, Owner shall pay Manager the Base Management Fee and the Incentive Management Fee (if earned) as provided in Sections 9.03 and 9.04.

Section 9.03 Base Management Fee.

As base compensation to Manager for providing the services herein specified during the Management Term, Owner shall pay Manager during each Contract Year of the Management Term an annual fixed fee of One Hundred Seventy Thousand Dollars (\$170,000.00). For each Contract Year after the first Contract Year of the Management Term, the annual fixed fee shall be adjusted to an amount equal to the annual fixed fee for the immediately preceding Contract Year, increased by the percentage increase, if any, in the Consumer Price Index -- All Urban Consumers (CPI-U) -- U.S. City Average -- All Items, during the one year period ending the immediately

preceding November 30, as published by the Bureau of Labor Statistics of the U.S. Department of Labor, or of any revised or successor index hereafter published by the Bureau of Labor Statistics or other agency of the United States Government succeeding to its functions; provided, however, that no such increase in any one Contract Year shall exceed five percent (5%). Such annual fixed fee, as adjusted, is referred to herein as the "Base Management Fee". The Base Management Fee shall be payable in equal monthly installments due on or before the last day of each month during such Contract Year.

Section 9.04 Incentive Fee.

(a) Entitlement to Incentive Fee. Manager shall be entitled to an annual incentive fee with respect to each Contract Year during the Management Term which shall be equal to the greater of (i) the sum of the amounts of the "Revenue Increase" and the "Special Revenue Incentive" calculated, respectively, in accordance with clauses (i) and (ii) of subsection (b) below, and (ii) the "Expense Reduction" calculated in accordance with subsection (c) below; provided, however, that in no event shall the total incentive fees payable under this Section 9.04 for any Contract Year exceed 100% of the Base Management Fee payable pursuant to Section 9.03 for such Contract Year. The total incentive fees calculated in accordance with this Section 9.04 are referred to herein as the "Incentive Management Fee".

(b) (i) Revenues Increase. An amount shall be calculated with respect to each Contract Year based on the following percentages of the amount, if any, by which Operating Revenues for such Contract Year exceed the Revenue Benchmark:

<u>Amount Over Revenue Benchmark</u>	<u>Percentage of Overage</u>
\$1 to \$500,000	10.0%
\$500,001 to \$1,000,000	12.5%
\$1,000,001 and up	15.0%

(ii) Special Revenue Incentive. An amount shall be calculated with respect to each Contract Year based on nine percent (9%) of the amount of the incremental Operating Revenues for such Contract Year attributable to the sale of branding rights, pouring rights and similar promotional tie-in and trade-out arrangements entered into pursuant to the approved Sponsorship Program.

(c) Expenses Reduction. An amount shall be calculated with respect to each Contract Year based on the following percentages of the amount, if any, by which Operating Expenses for such Contract Year are less than the Expense Benchmark:

<u>Amount Under Expense Benchmark</u>	<u>Percentage of Savings</u>
\$1 to \$500,000	1.5%
\$500,001 to \$1,000,000	2.5%
\$1,000,001 and up	5.0%

(d) Definitions. For purposes of this Section 9.04, (i) the Revenue Benchmark for any Contract Year shall be the greater of the Revenue Benchmark set forth for such Contract Year on Schedule 3 to this Agreement, or the actual Operating Revenues for the prior Contract Year; and (ii) the Expense Benchmark for any Contract Year shall be the total Operating Expenses for such Contract Year in the approved

Annual Budget. The Revenue Benchmarks set forth in Schedule 3 shall be derived from the Feasibility Study, with such adjustments as the parties may mutually agree to be appropriate based on information available to the parties subsequent to the date of the Feasibility Study which the parties agree reasonably bears on the accuracy of the projections in the Feasibility Study.

Section 9.05 Payment.

The Incentive Management Fee determined pursuant to Section 9.04 above shall be payable to Manager within thirty (30) days after Owner's receipt of an invoice from Manager accompanied by an annual statement certified by one of its officers setting forth the Operating Revenues and Operating Expenses and calculating the Special Revenue Incentive for the previous Contract Year, and showing the resulting calculation of the Incentive Management Fee payable with respect to such Contract Year. Promptly following the availability of the audited annual financial statements described in Section 10.01 hereof for a Contract Year, Manager shall recalculate the Incentive Management Fee payable under subsection (a) of Section 9.04 for that Contract Year. In the event that the amount of such Incentive Management Fee which was paid based on Manager's invoice differs from such recalculated amount, Manager shall promptly remit to Owner any excess amount which was paid, or Owner shall promptly pay the shortfall, as the case may be. In the event that a proper and complete invoice for Management Fees is not paid within thirty (30) days following receipt thereof by Owner, Manager shall be entitled to interest on the amount overdue at a rate equal to the statutory rate of interest on refunds of corporation business taxes (calculated on a *per diem* basis from the day following the due date to the date of payment).

Section 9.06 Independent Audit; Auditors of Public Accounts.

The Incentive Management Fee for any Contract Year shall remain subject to audit and adjustment for a period of three (3) years in the event of an independent

audit by Owner pursuant to Section 10.02 or an audit by the Auditors of Public Accounts pursuant to Chapter 23 of the General Statutes. Any such independent audit or audit by the Auditors of Public Accounts shall be final and conclusive for purposes of this Agreement, absent manifest error.

ARTICLE X

RECORDS, AUDITS AND REPORTS

Section 10.01 Records and Audits.

(a) Manager shall keep separate, full and accurate accounting records relating to its activities at the Managed Facilities in accordance with generally accepted United States accounting principles. Manager shall maintain a system of bookkeeping adequate for its operations hereunder and consistent with Industry Standards. Manager shall give authorized representatives of Owner and Surety access to such books and records maintained at the Facility during reasonable business hours and upon reasonable advance notice. Manager shall keep and preserve for at least three (3) years following each Contract Year all sales slips, rental agreements, purchase order, sales books, credit card invoices, bank books or duplicate deposit slips, and other evidence of Operating Revenues and Operating Expenses for such period.

(b) Within ninety (90) days following the end of each Contract Year during the Management Term, Manager shall furnish to Owner a balance sheet, a statement of profit or loss and a statement of cash flows for the Managed Facilities for the preceding Contract Year, prepared in accordance with generally accepted United States accounting principles and accompanied by an independent auditor's report of a nationally recognized, independent certified public accountant selected by Manager and approved by Owner. The audit shall contain an opinion expressed by the independent auditor of the accuracy of financial records kept by Manager and of amounts due to Owner. The audit shall also provide a certification of Operating Revenues, Operating Expenses and the Incentive Management Fee as defined in this Agreement for such Contract Year. Notwithstanding anything to the contrary herein, the costs of such audit shall be deemed Operating Expenses.

(c) In order to facilitate financial reporting by Owner on the basis of its July 1 to June 30 fiscal year, Manager shall, if requested by Owner, furnish to Owner a balance sheet, a statement of profit or loss and a statement of cash flows relating to operations at the Managed Facilities (including accruals for Incentive Management Fees not yet payable) for each such fiscal year or portion of such fiscal year comprising part of the Management Term. Such financial statements shall be furnished by Manager as soon as practicable following each such June 30, but in no event later than forty-five (45) days thereafter.

Section 10.02 Independent Audit.

Owner's Board of Directors shall have the right at any time, and from time to time during reasonable business hours and upon reasonable notice, to cause nationally recognized independent auditors to audit all of the books of Manager relating to Operating Revenues and Operating Expenses, including, without limitation, cash register tapes, credit card invoices, duplicate deposit tapes, and invoices. No costs incurred by Owner in conducting such audit shall be considered an Operating Expense. If any such audit demonstrates that the Operating Revenues or Operating Expenses reflected in any financial statements prepared by Manager and audited as specified in Section 10.01 are understated (in the case of Operating Expenses) or overstated (in the case of Operating Revenues), in either case by more than five percent (5%), Manager shall pay to Owner the reasonable cost of such audit (which shall not be an Operating Expense). In addition, regardless of the amount of such understatement or overstatement, Manager shall promptly refund to Owner, or Owner shall pay to Manager, any portion of the Incentive Management Fee paid for such Contract Year which is attributable to the overstatement or understatement, as the case may be. Owner's right to have such an audit made with respect to any Contract Year and Manager's obligation to retain the above records shall expire three (3) years after Manager's statement for such Contract Year has been delivered to Owner.

Section 10.03 Monthly Reports.

By the twenty-fifth day of each month during the Management Term, Manager shall provide to Owner a written monthly report in a form approved by Owner setting out the Managed Facilities' anticipated activities and financial condition for the upcoming month and reporting on the prior month's activities and finances. In addition, such report shall show variances from the Annual Budget on a line by line item basis. If the variance on any line item exceeds ten percent (10%) of the line item, the report will include Manager's detailed explanation of the reason for the variance and the steps Manager intends to take to improve performance of the Managed Facilities so as to eliminate the variance or if the variance is favorable, the reason the budget failed to predict the variance.

Section 10.04 Ownership of Reports and Documents; Confidentiality.

(a) Any reports, records, financial statements and other documents prepared by Manager or maintained by Manager at the Managed Facilities pursuant to the performance of its services (other than Corporate Services) under this Agreement (the "Work Product") are the exclusive property of Owner and shall not be used by Manager for any other purpose without the express written consent of Owner in each instance, notwithstanding the fact that Manager shall be deemed the author of such documents; provided that nothing in this Section 10.04 is intended to affect the rights of Manager in (and "Work Product" shall be deemed to exclude) any proprietary reporting system or format, any personnel records relating to Manager's employees, or any procedures, manuals or similar materials provided as Corporate Services pursuant to Section 2.04. Owner has the exclusive right to use, copy and reproduce the Work Product in connection with the further planning, operating, use and occupancy of the Managed Facilities. Owner shall take reasonable precautions that such documents are not utilized by any employee, officer or agent of Owner for any purpose other than as described in the immediately preceding sentence.

(b) Except with Owner's approval, during and after the term of this Agreement, Manager shall not directly or indirectly disclose, divulge or communicate to any person, firm or corporation, other than Owner, its designated representatives, and Manager's attorneys and accountants, or other than as required by law, any non-public information which it may have obtained during the term of this Agreement concerning any matter relating to its services hereunder or the regular business of Owner.

(c) The obligations of the parties under this Section 10.04 shall not apply to information which (i) at the time of disclosure thereof, is in the public domain, (ii) after disclosure, becomes a part of the public domain by publication or otherwise, except by breach of this Section 10.04 by the party receiving such information (the "Recipient Party"), (iii) the Recipient Party can establish was lawfully in its possession at the time of disclosure thereof, (iv) the Recipient Party receives from a third party who has the right to, and legally does, disclose the same to the Recipient Party, (v) the Recipient Party can demonstrate was independently developed by the Recipient Party's employees who did not have access, directly or indirectly, to such information, or (vi) is required to be disclosed by judicial or administrative process or, in the opinion of counsel, by other mandatory requirements of law.

ARTICLE XI

EMPLOYEES

Section 11.01 Convention Center Employees.

(a) Subject to the other provisions of this Article XI, Manager shall select, train and employ at the Managed Facilities such number of employees as Manager reasonably deems necessary or appropriate to satisfy its responsibilities hereunder. Manager shall use its best efforts to recruit employees who will be proficient, productive, and courteous to patrons, and, subject to the provisions of this Article XI, Manager shall have authority to hire, terminate and discipline any and all personnel working at the Managed Facilities.

(b) Manager shall assign to the Managed Facilities a competent, full-time general manager (the "General Manager") who shall have no duties other than the day-to-day operation and management of the Managed Facilities. Prior to Manager's appointment of the General Manager, Manager shall consult with Owner with respect to the qualifications of the General Manager proposed by Manager and shall obtain the approval of Owner of such General Manager (and any replacement of the General Manager), in each case.

(c) Manager employees at the Managed Facilities (including the General Manager) shall not for any purpose be considered to be employees of Owner or the State, and Manager shall be solely responsible for their supervision, daily direction and control, and compensation (and federal income tax withholding) and any employee benefits (which shall be Operating Expenses).

(d) Salaries and benefits for Manager's employees at the Managed Facilities (including the General Manager) shall be established in accordance with the

Annual Budget. Without the specific approval of Owner, no such employee shall be entitled to any relocation payment or allowance or any severance or termination payment or benefit (other than accrued vacation, sick days, COBRA benefits and other similar items) in the event of termination of employment for cause or upon termination of this Agreement.

(e) Manager shall include in its employee handbook a prohibition against employees performing their duties under the influence of alcohol or chemical substances or using such substances while at the Managed Facilities. Manager shall take action with respect to such employees consistent with the provisions of Manager's employee handbook.

(f) Manager shall at all times use reasonable efforts to maintain, by adequate supervision and training of supervisory personnel, a safe working environment for all employees and adequately supervise all services with a view to the general safety and welfare of all personnel. Manager agrees to conduct all of its operations with due diligence and care for the safety of all persons at all times.

(g) Manager shall provide training and direction to its employees with the objective that each employee render a high quality of service and personal interaction with licensees, Owner's staff, and internally within Manager's staff. Owner expects all of Manager's employees to approach their assigned responsibilities with an attitude of service to Owner, its licensees and the general public above and beyond common courtesy. Manager shall ensure that each of its employees at the Managed Facilities has all required certifications, licenses or training as may be required by Governmental Authorities.

Section 11.02 Employment Preferences.

Manager agrees to make reasonable efforts to hire or cause to be hired available and qualified residents of the City of Hartford and available and qualified members of minorities, as defined in section 32-9n of the General Statutes, for operations jobs at the Managed Facilities at all levels of operation activity.

Section 11.03 Employment Practices; Permanent Jobs Initiative.

(a) In furtherance of its responsibilities under Section 11.02, Manager shall employ industry standard job advertising and recruitment practices in an effort to attract qualified City residents and minorities as applicants for all jobs related to the operation of the Managed Facilities, and otherwise to comply with all Applicable Laws relating to hiring and employment practices in connection with the operation of the Managed Facilities, including taking affirmative action to provide equal opportunity for employment without regard to race, creed, color, age, national origin, ancestry or gender.

(b) Manager has been advised by Owner that a jobs initiative program will be developed which, among other activities, is expected to target unemployed and underemployed residents of the City for operations jobs related to the Managed Facilities (the "Permanent Jobs Initiative"). The elements of the Permanent Jobs Initiative are expected to include (i) community outreach to identify suitable unemployed and underemployed City residents, (ii) arrangements for necessary job skills training for available operations jobs at the Managed Facilities and (iii) ongoing job support services to those hired for such operations jobs. When the Permanent Jobs Initiative is operational, Manager agrees to make reasonable good faith efforts to hire and retain qualified job applicants identified, trained and made available through the Permanent Jobs Initiative for available operations jobs at the Managed Facilities. Each time that such job openings are identified or listed, first consideration shall be given to the City

residents then identified, trained and available through the Permanent Jobs Initiative. The parties acknowledge that the goal of the Permanent Jobs Initiative is that thirty-five percent (35%) of operations jobs at the Managed Facilities be offered to such City residents, but also recognize that the achievement of such hiring goal will be dependent upon the success of the Permanent Jobs Initiative in making qualified applicants available to Manager at the times that job openings need to be filled in order not to delay the Opening Date. Nothing in this Section 11.03(b) shall require Manager to hire or retain workers that Manager reasonably believes are not qualified for such available jobs. The employment preference requirements set forth in Sections 11.02 and 11.03 shall operate concurrently, with the effect that job offers to City residents through the Permanent Jobs Initiative pursuant to Section 11.03 may be considered in connection with the determination of whether a reasonable effort has been made to hire City residents as required by Section 11.02, and, for purposes of determining compliance with Sections 11.02 and 11.03, efforts made or jobs offered pursuant to such Sections shall be counted notwithstanding the fact that such efforts or job offers may also satisfy other job preference requirements under Applicable Laws or agreements with Governmental Authorities.

Section 11.04 Prevailing Wage Requirements.

Manager acknowledges that, pursuant to the Implementing Legislation, for purposes of section 31-57f of the General Statutes relating to standard wage rates for certain service workers, this Agreement is deemed to be a contract with the State. Manager agrees that wages and benefits shall be paid and provided to all service workers employed by Manager at the Managed Facilities at levels satisfying the requirements of section 31-57f of the General Statutes, whether or not the provisions of section 31-57f of the General Statutes are, in fact, otherwise applicable to such service workers.

Section 11.05 Contract Compliance Monitoring.

Manager acknowledges that section 32-605(e) of the General Statutes requires Owner to designate a convention center contract compliance officer (the "Contract Compliance Officer") to monitor compliance by Owner and Manager with provisions of the Implementing Legislation, the State Contracting Requirements and other applicable provisions of State law relating to the management and operation of the Managed Facilities, and with applicable requirements of contracts (including Articles XI and XV of this Agreement), relating to set-asides for small contractors and minority business enterprises and required efforts to hire available and qualified members of minorities and available and qualified residents of the City for operations jobs with respect to the Managed Facilities. Pursuant to such the Implementing Legislation, the Contract Compliance Officer is required to file annual reports of findings and recommendations with Owner. Contractor shall provide to Manager and Surety the name, address and telephone number of the Contract Compliance Officer. Manager agrees (a) to cooperate with the Contract Compliance Officer, (b) to provide such information with respect to job recruitment, job offers, employee residence, wage rates, contract awards to small contractors and minority business enterprises, and other relevant workforce, payroll and subcontracting records, as may be reasonably requested from time to time by the Contract Compliance Officer. In the event that any report of such Contract Compliance Officer includes findings or recommendations to the effect that applicable employee preference or contractor set-aside requirements are not being complied with in respect of the management and operation of the Managed Facilities, Manager shall promptly prepare and submit to Owner its plan of action to remedy such non-compliance (and/or evidence rebutting the finding of non-compliance by the Contract Compliance Officer) and, upon approval by Owner, shall promptly and diligently implement any such plan of action.

ARTICLE XII

INDEMNIFICATION AND INSURANCE

Section 12.01 Indemnification.

(a) Manager shall indemnify, defend and hold harmless Owner, its officers, agents and employees from and against any and all Losses arising from (i) the fact that at any time during the Management Term Manager has failed in any material respect to comply with all Applicable Laws applicable to Manager's operation of the Managed Facilities during the Management Term (provided Owner has made funds available therefor), (ii) disclosure by Manager of any confidential or proprietary information of any third party to any person or entity (including without limitation Owner or its representatives) or infringement of any trade secrets or copyrights of any third party, (iii) any unlawful acts on the part of Manager or its employees or subcontractors during the term of this Agreement, (iv) personal or bodily injury to or death of persons or damage to Owner's property or the property of others to the extent caused by the negligent acts, errors and/or omissions or the willful misconduct of Manager or its employees or subcontractors in the performance of this Agreement, or (v) acts of Manager or its employees or subcontractors in violation of or outside the scope of the authority granted by this Agreement; provided, however, that the foregoing indemnification shall not extend to Losses to the extent such Losses (A) arise from the negligent acts, errors and/or omissions or the willful misconduct of Owner or its employees, or (B) arise from any breach or default by Owner of its obligations under this Agreement.

(b) Owner shall indemnify, defend and hold harmless Manager, its partners, officers, agents and employees from and against any and all Losses arising from (i) any unlawful acts on the part of Owner or its employees, (ii) personal or bodily injury to or death of persons or damage to Manager's property to the extent caused by

the negligent acts, errors and/or omissions or willful misconduct of Owner or its employees in the performance of this Agreement, (iii) the fact that as of, or after the commencement of the Management Term hereunder the building and improvements constituting the Managed Facilities are not in compliance with all Applicable Laws, including, but not limited to, the ADA, (iv) any structural defect with respect to the Managed Facilities or the premises occupied by the Managed Facilities as of or after the commencement of the Management Term hereunder, (v) any obligation or liability under or in respect of any contract, agreement or other instrument executed by Manager in its own name or as agent for Owner as authorized herein, or (vi) any failure by Owner to provide funds necessary to pay Operating Expenses properly incurred pursuant to this Agreement; provided, however, that the foregoing indemnification shall not extend to Losses to the extent such Losses (A) arise from the negligent acts, errors and/or omissions on the willful misconduct of Manager or its employees or subcontractors, or (B) arise from any breach or default by Manager of its obligations under this Agreement.

(c) The provisions set forth in subparagraphs (a) and (b) above shall survive termination of this Agreement; provided, however, that a claim for indemnification pursuant to Section 12.01 shall be valid only if the party entitled to such indemnification provides written notice thereof to the other party prior to three (3) years following the date of termination of this Agreement.

(d) The terms of all insurance policies required hereunder shall preclude subrogation claims against Manager and Owner and their respective officers, employees and agents. With respect to the selection of counsel to provide the defense obligations of Manager under subsection (a) of Section 12.01 hereof, if such defense obligations involve a Loss which is or may be covered by any insurance maintained by Manager under Section 12.02 hereof, the selection of such counsel shall be made as required by the applicable insurance policy, and Manager shall notify Owner of such selection; in all other cases under Section 12.01 the selection of such counsel shall be by

Owner or its insurance carrier, subject to the approval of Manager, which shall not be unreasonably withheld.

(e) For purposes of this Section 12.01, "Losses" shall mean any and all liability, loss, damage, claim, expense, cost, obligation or injury resulting from any and all third party claims, actions, suits, proceedings, demands, assessments and judgments, together with reasonable costs and expenses including the reasonable legal expenses relating thereto.

Section 12.02 Liability Insurance.

(a) Manager shall secure and deliver to Owner prior to the commencement of the Management Term hereunder and shall keep in force at all times thereafter during the term of this Agreement, a business liability insurance policy, including bodily injury and property damage, covering the Managed Facilities and the operation thereof, in the amount of One Million Dollars (\$1,000,000.00) for bodily injury and property damage per occurrence and Two Million Dollars (\$2,000,000.00) for bodily injury and property damage in the aggregate per policy year, including products and completed operations, blanket contractual liability and contingent liquor liability coverage. Manager shall also maintain excess/umbrella liability insurance for the business and employers' liability matters covered by the policies described in subsections (a) and (b) of Section 12.02 and Section 12.03 hereof with a limit of Twenty-Five Million Dollars (\$25,000,000) in the aggregate.

(b) Manager shall also secure and deliver, prior to the commencement of the Management Term hereunder and shall keep in force at all times thereafter during the term of this Agreement, Business Automobile Insurance for business use covering all vehicles operated by Manager's officers, agents and employees in connection with the Managed Facilities, whether owned by Manager, Owner, or otherwise, with a combined single limit for bodily injury and property damage of not less than One Million Dollars

(\$1,000,000.00) per occurrence (including an extension of hired and non-owned coverage).

(c) During the Management Term Manager shall also maintain, or cause any licensee, lessee, tenant, promoter or user of any portion of the Managed Facilities to maintain, event liability insurance for each Event at the Managed Facilities with a combined single limit coverage for bodily injury, including death and property damage in the amount of One Million Dollars (\$1,000,000.00) for non-athletic Events and Two Million Dollars (\$2,000,000.00) for athletic type Events, unless Owner approves the waiver or reduction of such insurance coverages for certain events as requested by Manager from time to time (which approval shall not be unreasonably withheld).

(d) On an annual basis, Manager shall recommend and Manager and Owner shall mutually agree upon any additional insurance against such other operating risks against which it is now or hereafter may be customary to insure in the operation of Comparable Facilities and in such additional amounts and types of coverage as may be desirable in their mutual agreement.

(e) Manager shall be the named insured under all such policies. Owner shall be an additional insured under the foregoing insurance policies, as its interests may appear, and said policies shall contain a provision covering the parties' indemnification liabilities to each other.

(f) The original or a certified copy of the policies required by subsections (a) and (b) (with required policy endorsements), together with certificates evidencing the existence such policies, all in such form as Owner may reasonably require, shall be delivered to Owner prior to the commencement of the Management Term hereunder. In addition, concurrently with the furnishing of each certificate of insurance, Manager shall furnish Owner with a report of an insurance broker, signed by

an officer of the broker, stating that in the opinion of such broker, the insurance then carried is in accordance with the terms of this Article XII applicable to those policies. Notwithstanding the provisions of this Section 12.02, the parties hereto acknowledge that the above policies may contain exclusions from coverage which are reasonable and customary for policies of such type. Each such policy or certificate shall contain a valid provision or endorsement to the effect that the policy will not be canceled or materially changed or altered without first giving thirty (30) days' written notice thereof to Owner, sent by certified mail.

(g) A certificate of insurance (evidencing renewal or replacement of coverage) shall be delivered to Owner at least thirty (30) days before a policy's expiration date except for any policy expiring on the termination date of this Agreement or thereafter; and the original or a certified copy of each such renewal or replacement insurance policy (with all required policy endorsements) shall be delivered to Owner as soon as it is available.

(h) Except (i) as provided in subsection (b) of Section 12.05 and Section 12.06, and (ii) for the contingent liquor liability coverage in subsection (a) of Section 12.02 which coverage shall be secondary to the food concessionaire's primary liquor liability coverage under the Concessions Agreement, all insurance procured by Manager in accordance with the requirements of this Agreement shall be primary over any insurance carried by Owner and not require contribution by Owner.

(i) Coverage for business liability risks required hereunder may be provided under a contract of insurance also covering other entities or locations of Manager provided that aggregate limits meeting the requirements hereunder and applicable only to the Managed Facilities are separately set forth.

Section 12.03 Workers Compensation Insurance.

Manager shall at all times maintain worker's compensation insurance (including occupational disease hazards) and Employer's Liability insurance, insuring its employees at the Managed Facilities in amounts equal to or greater than required under Connecticut law. Provided that such required amounts are provided under Manager's excess/umbrella coverage, the Employer's Liability Insurance limits may be the minimum required by the excess/umbrella carrier as an underlying limit.

Section 12.04 Fidelity Bond.

Manager shall provide to Owner a Fidelity Bond covering all of Manager's personnel under this Agreement in the amount of One Million Dollars (\$1,000,000.00) for each loss, to reimburse Owner for losses experienced due to the dishonest acts of Manager's employees.

Section 12.05 Property Insurance.

(a) During the Management Term, Owner shall maintain property insurance, for the full replacement cost thereof, covering the premises of the Managed Facilities and the personal property owned by Owner and Manager at the Managed Facilities. Owner shall cause Manager to be named as an additional insured under all of Owner's property insurance policies covering or relating to Manager's personal property at the Managed Facilities. Nothing in this Agreement is intended to require Manager to maintain property and hazard insurance covering the premises at the Managed Facilities, Owner's personal property at the Managed Facilities or business interruption insurance covering the interruption of operations by or for whatever cause at the Managed Facilities. Owner shall not self-insure with respect to such property insurance except for deductibles customary for Comparable Facilities.

(b) The original or a certified copy of the above policy or policies (with all required policy endorsements), plus certificates evidencing the existence thereof, all in such form as Manager may reasonably require, shall be delivered to Manager prior to the commencement of the Management Term. Notwithstanding the provisions of this Section 12.05, the parties hereto acknowledge that the above policies may contain exclusions from coverage which are reasonable and customary for policies of such type. Each such policy or certificate shall contain a valid provision or endorsement to the effect that the policy will not be canceled or materially changed or altered without first giving thirty (30) days' written notice thereof to Manager.

(c) A renewal binder of coverage (or satisfactory evidence of such renewal) shall be delivered to Manager at least thirty (30) days prior to a policy's expiration date except for any policy expiring on the termination date of this Agreement or thereafter.

Section 12.06 Performance Bond.

Prior to the Opening Date, Manager shall obtain and furnish to Owner a performance bond in the amount of Five Hundred Thousand Dollars (\$500,000.00) covering the faithful performance by Manager of this Agreement and the payment by Manager of all obligations arising hereunder. Manager shall maintain such performance bond in full force and effect through the Management Term, and such performance bond shall provide for an extended claim period of at least six (6) months following its expiration. Such performance bond may be written for a period shorter than the Management Term (but not shorter than one (1) year), provided that (a) it provides for notice to Owner of non-renewal, and (b) in the event of non-renewal, Manager provides a substitute performance bond meeting the requirements of this Section. The cost of the performance bond shall be borne by Manager and shall not be an Operating Expense. The obligor with respect to such performance bond is referred to herein as the "Surety".

ARTICLE XIII

OWNERSHIP OF ASSETS

Section 13.01 Ownership.

The ownership of the Managed Facilities, including buildings and real estate, technical and office equipment and facilities, furniture, displays, fixtures, vehicles and similar tangible property shall remain with Owner. Ownership of and title to all intellectual property rights of whatsoever value, held in Owner's name shall remain in the name of Owner. The ownership of consumable assets (such as office supplies and cleaning materials) purchased with Operating Revenues or Owner funds shall remain with Owner, but such assets may be utilized and consumed by Manager in the performance of services under this Agreement. The ownership of data processing programs and software owned by Owner shall remain with Owner, and the ownership of data processing programs and software owned by Manager shall remain with Manager. Manager shall not take or use, for its own purposes, customer or exhibitor lists or similar materials developed by Owner for the use of the Managed Facilities, unless written consent is granted by Owner. Ownership of equipment, furnishings, materials, or fixtures not considered to be real property and other personal property purchased by Manager with Owner's funds for use at and for the Managed Facilities shall vest in Owner automatically and immediately upon purchase or acquisition. Manager shall not cause or permit the assets of Owner as described herein to be pledged, liened, encumbered or otherwise alienated or assigned (other than mechanics' and materialmen's liens or title retention under financing leases on personal property in the ordinary course of business of the Managed Facilities) without the prior approval of Owner.

Section 13.02 Owner Obligations.

Except as herein otherwise set forth, throughout the term of this Agreement, Owner shall maintain full beneficial use and ownership of the Managed Facilities and shall pay, keep, observe and perform all payments, terms, covenants, conditions and obligations under any bonds, debentures or other security agreements or contracts relating to the Managed Facilities to which Owner may be bound.

ARTICLE XIV

ASSIGNMENT; AFFILIATES

Section 14.01 Assignment.

Neither this Agreement nor any of the rights or obligations hereunder may be assigned by either party hereto without the prior written consent of the other party hereto; provided, however, Owner's rights under this Agreement may be transferred or assigned to any other or successor public entity with the right to receive adequate funding for purposes of this Agreement.

Section 14.02 Manager Affiliates.

Manager shall not subcontract to, or enter into any other contract with respect to the promotion, management and operation of the Managed Facilities with any Affiliate of Manager without the prior approval of Owner. Any contract entered into between Manager and an Affiliate of Manager relating to the Managed Facilities shall be on terms and for prices customarily charged in the industry for comparable goods and services. In addition, Manager, as agent for Owner, may rent the Managed Facilities or any part thereof to itself or any Affiliate of Manager in connection with any event in the promotion of which Manager or any Affiliate of Manager is involved, so long as such rental is on prevailing rates and terms or such other rates and terms as Owner approves.

Section 14.03 Change in Control.

During the term of this Agreement, without the consent of Owner (a) there shall be no change in the percentage ownership or control of Manager, direct or indirect, by Len Wolman, Mark Wolman and members of their immediate family as a group, and (b) the manager of the Convention Center Hotel and Manager shall be Affiliates.

ARTICLE XV

COMPLIANCE WITH LAWS; STATE CONTRACTING REQUIREMENT

Section 15.01 Permits, Licenses, Taxes and Liens.

Manager shall use reasonable efforts to procure any permits and licenses required for the business to be conducted by it hereunder. Owner shall cooperate with Manager in applying for such permits and licenses, including any liquor license(s) pertaining to the Managed Facilities. Manager shall deliver copies of all such permits and licenses to Owner. Manager shall pay promptly, out of the Operating Fund, all taxes, excises, license fees and permit fees of whatever nature arising from its operation, promotion and management of the Managed Facilities. Manager shall use reasonable efforts to prevent mechanic's or materialman's or any other Lien from becoming attached to the premises or improvements at the Managed Facilities, or any part or parcel thereof, by reason of any work or labor performed or materials furnished by any mechanic or materialman, and shall promptly and at its own cost and expense cause any such Lien to be released, so long as the work, labor or material was provided at Manager's direction and Owner has supplied funds for the payment of charges therefor in accordance with this Agreement.

Section 15.02 Governmental Compliance.

(a) Manager, its officers, agents and employees shall comply with all Applicable Laws relating to Manager's operation, promotion and management of the Managed Facilities hereunder, including without limitation Title III of the ADA and the provision of such auxiliary aids or alternate services as may be required by the ADA. In addition, Manager shall provide ongoing training to its employees as to the requirements of the ADA and the needs of persons protected by the ADA. Nothing in this

Section 15.02 or elsewhere in this Agreement shall, however, require Manager to undertake any of the foregoing compliance activities, nor shall Manager have any liability under this Agreement therefor, if such activity requires any Capital Expenditures, unless Owner provides funds for such Capital Expenditures pursuant to Section 4.03 hereof.

(b) In connection with all contracts and subcontracts with respect to the Managed Facilities entered into or administered by Manager pursuant to this Agreement, Manager shall require compliance by the other parties to such contracts and subcontracts with Applicable Laws. Manager acknowledges that nothing in this Agreement is in derogation of or restricts the exercise of the police powers of the State of Connecticut.

Section 15.03 Public Building.

During the Management Term, the Managed Facilities shall at all times be operated in compliance with Applicable Laws relating to the operation of public buildings in the State of Connecticut (subject to the availability of funds from Owner with respect to any requirements relating to building elements or facilities).

Section 15.04 State Contracting Requirements.

With respect to the operation, promotion management of the Managed Facilities and the performance by Manager of its other obligations under this Agreement, Manager agrees to comply with all applicable additional contracting requirements of the State of Connecticut set forth in attached Exhibit A, and for purposes of Exhibit A and this Section 15.04 only, Manager shall be deemed a "Contractor", and this Agreement shall be deemed the "contract". In the event of any inconsistency between the requirements of Exhibit A and the requirements of Applicable Law, including the Implementing Legislation, such requirements of Applicable Law shall govern.

Section 15.05 Small Contractor and Minority Business Enterprise Set Asides.

Manager acknowledges that contracts for goods and services required in connection with the operations of the Managed Facilities are subject to the applicable requirements of section 32-9e of the General Statutes relating to a set-aside program for small contractors and minority business enterprises and agrees to cooperate with Owner, and with the Department of Administrative Service (or its successor) as administrator of the set-aside program, in an effort to achieve compliance by Owner with applicable requirements of section 32-9e. In connection with the selection of subcontractors and vendors and the award and administration of subcontracts pursuant to this Agreement, Manager shall direct and coordinate compliance with the set-aside program, shall provide regular reports to Owner with respect to such compliance, and shall take all other actions within the scope of its other responsibilities under this Agreement to achieve compliance with the set-aside program.

Section 15.06 Contract Compliance.

(a) Manager acknowledges that the award and administration of contracts and subcontracts pursuant to this Agreement are subject to (i) applicable requirements of the Implementing Legislation, (ii) applicable additional contracting requirements of the State of Connecticut set forth in attached Exhibit A, including to the extent made applicable to subcontractors by the terms thereof, and (iii) the requirements of Articles XI and XV with respect to contractor and employee set-asides and preferences (all together, the "State Contracting Requirements").

(b) Notwithstanding any contrary provision of this Agreement, all contracts and subcontracts with respect to the operation, promotion and management of the Managed Facilities shall be awarded and administered in accordance with all applicable State Contracting Requirements.

ARTICLE XVI

DEFAULTS; TERMINATION; DISPUTE RESOLUTION

Section 16.01 Termination Upon Default.

Either party may terminate this Agreement upon a default by the other party hereunder. A party shall be in default hereunder if (a) such party fails to pay any sum payable hereunder within thirty (30) days after same is due and payable, or (b) such party fails in any material respect to perform or comply with any of the other terms, covenants, agreements or conditions hereof and such failure continues for more than sixty (60) days after written notice thereof from the other party. In the event that a default (other than a default in the payment of money) is not reasonably susceptible to being cured within the sixty (60) day period, the defaulting party shall not be considered in default if it shall within such sixty (60) day period have commenced with due diligence and dispatch to cure such default and thereafter completes with dispatch and due diligence the curing of such default.

Section 16.02 Termination Other than Upon Default.

Owner shall have the right to terminate this Agreement if Manager becomes insolvent or admits in writing its inability to pay its debts generally as they become due, or makes an assignment for the benefit of creditors, or files any proceeding under any bankruptcy or insolvency laws seeking reorganization or other relief from its creditors, or such proceeding is filed against it and remains undismissed for a period of one hundred twenty (120) days.

Section 16.03 Effect of Termination; Remedies.

In the event this Agreement is terminated for any reason, (a) all Operating Expenses properly incurred or committed for prior to the date of termination shall be paid using funds on deposit in the account(s) described in Sections 6.01 and 6.02 and, to the extent such funds are not sufficient, Owner shall pay all such Operating Expenses and shall indemnify and hold Manager harmless therefrom and (b) Owner shall promptly pay Manager all Management Fees earned to the date of termination (the Base Management Fee and the Incentive Management Fee being subject to proration), provided that Owner shall be entitled to offset against such unpaid fees any damages (actual, not consequential) directly incurred by Owner in remedying any default by Manager hereunder which resulted in such termination (other than the fees or expenses of any replacement manager for the Managed Facilities). Upon termination of this Agreement, all further obligations of the parties hereunder (and all obligations of the Surety under the performance bond with respect to further obligations of Manager) shall terminate, except for the obligations under this Section 16.03 and Sections 8.05, 8.06, 8.07, 8.08, 9.06, 10.01, 10.02, 10.04 and 12.01; provided, however, that in the event of termination pursuant to Section 16.01, the non-defaulting party shall be entitled to pursue any other rights or remedies pursuant to this Agreement (including, in the case of default by Manager, Owner's rights and remedies against the Surety pursuant to the performance bond) or as may otherwise be available in law or equity pursuant to the procedures and in the forums set forth in Section 16.04. In no event shall Owner or Manager be entitled to consequential damages (including lost profits) or any other damages in excess of compensatory damages from breach or default under this Agreement.

Section 16.04 Venues and Procedures; Arbitration.

(a) The parties agree that the Superior Court of the State of Connecticut for the Judicial District of Hartford shall be the sole and exclusive jurisdiction and venue (subject to such rights of appeal as may otherwise exist) for (i) any

dispute over what matters are subject to negotiation and arbitration under Section 16.04; (ii) the enforcement of all decisions or awards of the arbitration conducted pursuant to the procedure set forth in Section 16.04(d)-(g); (iii) the consideration of and decision regarding any temporary restraining order or preliminary injunction or other appropriate equitable relief pending the negotiation procedure set forth in Section 16.04(c) and/or the arbitration procedure set forth in Section 16.04(d)-(g); (iv) the validity or legality of this Agreement or any provision of this Agreement; and (v) proceedings authorized pursuant to Chapter 909 of the Connecticut General Statutes in connection with any arbitration conducted pursuant to the procedures set forth in Section 16.04(d)-(g).

(b) Except as provided in Section 16.04(a), any disputes or claims, at law or in equity, arising out of or relating to this Agreement, including disputes or claims regarding money damages and set offs, shall be resolved in accordance with the procedures in Section 16.04(c)-(g), which shall, subject to Section 16.04(a), be the sole and exclusive forum and procedures for the resolution of such disputes.

(c) The parties shall attempt in good faith to resolve any dispute arising out of or relating to this Agreement promptly by negotiation, including, if deemed appropriate, between executives who have authority to settle the controversy and who are at a higher level of management than the persons with direct responsibility for administration of the matter in dispute. Any party may give the other party written notice of any dispute not resolved in the normal course of business, specifically referring to this Section 16.04(c). Within fifteen (15) days after delivery of the notice, the receiving party shall submit to the other a written response. The notice and the response shall each include (i) a statement of the party's position and a summary of arguments supporting that position, and (ii) the name and title of the executive who will represent that party and of any other person who will accompany the executive. Within thirty (30) days after delivery of the disputing party's notice, if deemed appropriate, the executives of both parties shall meet at a mutually acceptable time and place, and thereafter as often as they reasonably deem necessary, to attempt to resolve the dispute. All reasonable

requests for information made by one party to the other should be honored. All negotiations pursuant to this provision are confidential and shall be treated as compromise and settlement negotiations for purposes of applicable rules of evidence and the FOIA.

(d) It is the goal of the parties to attempt to negotiate resolutions within ninety (90) days of the date a dispute arises. Therefore, subject to the provisions of Section 16.04(a), any dispute that has not been resolved by negotiation as provided in Section 16.04(b) and for which arbitration proceedings pursuant to Section 16.04(b) have not already been commenced shall, within ninety (90) days of the initiation of negotiations, be submitted for arbitration in accordance with the CPR Rules for Non-Administered Arbitration in effect on the date of this Agreement by a sole arbitrator. In the event of any conflict between said Rules and this Agreement, the provisions of this Agreement shall be controlling.

(e) The parties shall first confer on the selection of a sole arbitrator, as provided in Rule 5.3 of the CPR Rules for Non-Administered Arbitration, and any arbitrator jointly selected by them need not be listed on any CPR panel of arbitrators. If the parties are unable to agree on the selection of a sole arbitrator, the CPR shall select the sole arbitrator, as provided in Rule 6 of such Rules, with the cost of such selection services by the CPR to be shared equally by the parties.

(f) The arbitration shall be governed by Chapter 909 of the Connecticut General Statutes, and judgment upon the award rendered by the arbitration may be entered in the Connecticut Superior Court for the District of Hartford. The place of arbitration shall be Hartford, Connecticut. Any award rendered by an arbitrator shall include a statement of all factual findings on which the award rests. The arbitrator is not empowered to award damages in excess of compensatory damages provided for in this Agreement, and each party hereby irrevocably waives any right to recover damages in

excess of compensatory damages provided for in this Agreement with respect to any dispute under this Agreement.

(g) The statutes of limitations of the State of Connecticut applicable to the commencement of a lawsuit shall apply to the commencement of an arbitration hereunder.

(h) The parties shall continue to perform their respective obligations under this Agreement pending the resolution of any dispute hereunder.

ARTICLE XVII

MISCELLANEOUS

Section 17.01 Use of Managed Facilities at Direction of Owner.

(a) Owner shall have the right to use the Managed Facilities or any part thereof, upon reasonable advance notice and subject to availability, for such purposes as meetings, seminars, training classes or other uses by Owner or its designee without the payment of any rental or use fee (or at a reduced fee), except that direct out-of-pocket expenses incurred in connection with such uses shall be paid by Owner.

(b) Owner shall not schedule use of the Managed Facilities pursuant to subparagraph (a) above if such use will conflict with paying Events booked by Manager and shall in all instances be subordinate thereto in terms of priority of use of the Managed Facilities. In all instances when the Managed Facilities, or any part thereof, is to be used at Owner's request or by Owner pursuant to subparagraph (a) above, a rent or use fee which otherwise would be chargeable for such Event shall be deemed to have been paid and such deemed payment shall constitute Operating Revenues for the purpose of calculating Manager's Incentive Management Fee pursuant to Section 9.04 above.

Section 17.02 Competing Facilities.

Without the prior approval of Owner, Manager shall not undertake the Management of any other convention center located within the State of Connecticut or within a radius of seventy-five (75) miles of the City of Hartford and which competes with the Managed Facilities for Events. For purposes of this Agreement, a convention center with less than 75,000 total square feet of exhibition and meeting space shall be deemed not to compete with the Managed Facilities.

Section 17.03 Uncontrollable Circumstances.

(a) No party shall be liable or responsible to the other party for any delay, damage, loss, failure, or inability to perform caused by Uncontrollable Circumstances, if notice is provided to the other party, within ten (10) days of date on which such party gains actual knowledge of the event of Uncontrollable Circumstances, that such party is unable to perform specifying the reasons therefor.

(b) Neither party hereto shall be under any obligation to supply any service or services if and to the extent and during any period that the supplying of any such service or services or the provision of any component necessary therefor shall be prohibited or rationed by any Applicable Law.

(c) Except as otherwise expressly provided in this Agreement, no abatement, diminution or reduction of the payments payable to Manager shall be claimed by Owner or charged against Manager, nor shall Manager be entitled to additional payments beyond those provided for in this Agreement for any inconvenience, interruption, cessation, or loss of business or other loss caused, directly or indirectly, by any present or future Applicable Laws, or by priorities, rationing, or curtailment of labor or materials, or by war or any matter or thing.

(d) In the event of damage to or destruction of the Managed Facilities by reason of fire, storm or other casualty or occurrence of any nature or any regulatory action or requirements that, in either case, is expected to render the Managed Facilities materially untenable, notwithstanding Owner's reasonable efforts to remedy such situation, for a period estimated by the Architect of at least one hundred eighty (180) days from the happening of the fire, other casualty or any other such event, either party may terminate this Agreement, effective upon the happening of such event, upon written notice to the other given within thirty (30) days following such determination of untenability by the Architect.

(e) Manager may suspend performance required under this Agreement, without any further liability, in the event of any Uncontrollable Circumstances or other occurrence, which circumstance or occurrence is of such effect and duration as to effectively curtail the use of the Managed Facilities so as effect a substantial reduction in the need for the services provided by Manager for a period in excess of ninety (90) days; provided, however, that for the purposes of this subsection, Manager shall have the right to suspend performance retroactively effective as of the date of the use of the Managed Facilities was effectively curtailed. "Substantial reduction in the need for these services provided by Manager" shall mean such a reduction as shall make the provision of any services by Manager economically impractical. No payments of the Management Fees otherwise due and payable to Manager shall be made by Owner during the period of suspension. In lieu thereof, Owner and Manager may agree to a reduced management fee payment for the period of reduction in services required.

(f) In the event that the Managed Facilities are rendered untenable or performance under this Agreement is otherwise suspended pursuant to this Section 17.03, appropriate adjustments to the Expense and Revenue Benchmarks shall be made.

Section 17.04 Freedom of Information Act.

Owner has advised Manager that Owner is a "public agency" for purposes of the Connecticut Freedom of Information Act, sections 1-200 to 1-241 of the General Statutes, as amended (the "FOIA"), and that information relating to Manager and its affairs received or maintained by Owner shall constitute "public records or files" for purposes of the FOIA subject to public access and disclosure in the manner provided in the FOIA, unless another specific exemption from the public access and disclosure requirements of the FOIA is available in connection with particular records or files

received or maintained by Owner. Accordingly, it is agreed that Owner shall be relieved from any confidentiality obligations under this Agreement.

Section 17.05 No Third Party Beneficiaries.

This Agreement is for the exclusive benefit of the parties hereto and no rights of third party beneficiaries are created hereby, except that (without intending to create any third party beneficiary rights in favor of any group or individual) it is recognized that Owner is entering into this Agreement to achieve the public benefits contemplated by the Implementing Legislation.

Section 17.06 Precedence.

In the case of any inconsistency between the provisions of this Agreement and the provisions of the Implementing Legislation, as in effect on the Effective Date, the provisions of the Implementing Legislation shall govern.

Section 17.07 Certain Legal Fees.

Manager, on the one hand, and Owner, on the other hand, each shall be responsible for the fees and disbursements of their own counsel in connection with the negotiation, preparation and execution of this Agreement.

Section 17.08 Entire Agreement.

This Agreement sets forth the entire understanding and supersedes all prior and contemporaneous oral and written agreements between the parties relating to the subject matter contained herein, and merges all prior and contemporaneous discussions between them.

Section 17.09 Severability.

The parties expressly agree that it is not their intention to violate any public policies, statutory or common laws, rules, regulations, treaties or decisions of any government or agency thereof. If any provision of this Agreement is judicially or administratively interpreted or construed as being so in violation, such provision shall be inoperative and the remainder of this Agreement shall remain binding upon the parties hereto.

Section 17.10 Approvals by Owner.

Except as otherwise may be expressly provided herein, whenever this Agreement calls for the approval, consent, waiver, acceptance, concurrence or permission of Owner, the approval, consent, waiver, acceptance, concurrence or permission of the Executive Director shall, as between Owner and Manager, be sufficient for such purposes; provided, however, that Manager understands and acknowledges that, whether or not there is express reference in this Agreement to Owner's Board of Directors, authority for the direction and control of Owner's affairs, including relating to the Convention Center, is vested in Owner's Board of Directors pursuant to the CCEDA Legislation.

Section 17.11 Notices.

All notices, demands or requests provided for or permitted to be given pursuant to this Agreement must be in writing. All notices, demands and requests shall be deemed to have been properly served if given by personal delivery, or if transmitted by telecopy with confirmed receipt, or if delivered to Federal Express or other reputable overnight carrier for next business day delivery, charges billed to or prepaid by shipper, or if deposited in the United States mail, registered or certified with return receipt requested, proper postage prepaid, addressed as follows:

If to Manager:

Waterford Management, LLC
914 Hartford Turnpike
Waterford, CT 06385

Attention: Mr. Len Wolman

Facsimile: (860) 447-8554

with a copy to:

Rome McGuigan Sabanosh, P.C.
One State Street
Hartford, CT 06103

Attention: Lewis B. Rome, Esq.

Facsimile: (860) 724-3921.

If to Owner:

Capital City Economic Development Authority
44 Capitol Avenue, Suite 301
Hartford, CT 06106

Attention: Executive Director

Facsimile: (860) 527-0133

with a copy to:

Shipman & Goodwin LLP
One American Row
Hartford, CT 06103-2819

Attention: Scott L. Murphy, Esq.

Facsimile: (860) 251-5999.

Each notice, demand or request shall be effective upon personal delivery, or upon confirmation of receipt of the applicable telecopy, or one (1) Business Day after delivery to a reputable overnight carrier in accordance with the foregoing, or three (3) Business Days after the date on which the same is deposited in the United States mail in accordance with the foregoing. Rejection or other refusal to accept or the inability to deliver because of changed address of which no notice was given shall not adversely impact the effectiveness of any such notice, demand or request. Any addressee may change its address for notices hereunder (including additional copies thereof) by giving written notice in accordance with this Section.

Section 17.12 No Recourse Against State or Directors, Etc. of Owner.

It is expressly understood and agreed that the directors, officers, employees and agents of Owner are acting in a representative capacity and not for their own benefit and that Manager shall have no recourse or claim under this Agreement against any such person individually in any circumstances. Manager further acknowledges that Owner is not a department, institution or agency of the State and agrees that it shall have no recourse or claim under this Agreement against the State in any circumstances.

Section 17.13 Disclaimer.

Manager acknowledges that its officers, employees and agents have had adequate opportunity to evaluate the Master Development Plan, the Feasibility Study and the proposed operations of the Convention Center, and have sufficient familiarity with such matters to make an informed judgment as to the condition, value, status, operation and suitability thereof without any reliance on any representation of Owner not made expressly in this Agreement.

Section 17.14 Amendment.

This Agreement may be modified or amended only by written instrument signed by the duly authorized officers of the parties hereto. Manager shall promptly notify the Surety as to any such modification or amendment.

Section 17.15 Counterparts.

This Agreement may be executed in any number of counterparts, and each counterpart shall constitute an original instrument, but all such separate counterparts shall constitute one and the same agreement.

Section 17.16 Governing Law.

The validity, construction and enforceability of this Agreement shall be governed in all respects by the laws of the State of Connecticut, without regard to its conflict of laws rules.

Section 17.17 Binding Effect.

This Agreement shall be binding upon the parties and shall inure to the benefit of the parties hereto and their respective successors and assigns, provided, however, that Manager may not assign its rights or obligations hereunder except as permitted in Article XIV.

Section 17.18 Waiver.

The failure of either party to seek redress for violation of, or to insist upon the strict performance of, any provision, term, or condition of this Agreement, shall not constitute a waiver or in any way limit or prevent subsequent enforcement of

any such provision, term or condition. The receipt by either party of any payments from the other, with or without knowledge of the breach of any such provision, term, condition, rule or regulation, shall not be deemed a waiver of such breach. No provision of this Agreement shall be deemed to have been waived by either party unless such waiver is in writing signed by such party.

Section 17.19 Rights Cumulative.

The various rights, powers and remedies of each party hereto shall not be considered as exclusive of, but shall be considered cumulative to any of the rights, powers, and remedies now or hereafter existing at law, in equity, by statute or by agreement between said parties.

Section 17.20 Independent Contractor Relationship.

Owner and Manager each acknowledge and agree that Manager is an independent contractor and that Owner and Manager are not joint venturers, partners, or otherwise related to each other in any capacity as a result of this Agreement. It is specifically agreed that Manager is not an employee of Owner, that the employees performing management services under this Agreement will be solely employees of Manager and not employees of Owner and that no employees of Owner shall be deemed employees of Manager. Manager shall be accountable for any violations of Applicable Laws which result from acts or omissions of Manager's employees, and Manager shall be subject to the contractual agreements, default, remedy, indemnity and other provisions of this Agreement as between Owner and Manager with respect thereto.

Section 17.21 No Agency Relationship.

Manager shall not be deemed to be an agent of Owner except to the limited extent specifically provided in this Agreement, if any. Manager shall have no power to bind Owner except as specifically set forth herein.

Section 17.22 Tax-Exempt Bonds.

Manager acknowledges that Convention Center will be financed with the proceeds of tax-exempt bonds, and Owner and Manager agree that it is their intent that this Agreement satisfy the conditions of Internal Revenue Service Rev. Proc. 97-13 so that such proceeds will not be treated as used in a private business under Code Sec. 141(b). All provisions of this Agreement shall be interpreted so as to give effect to such intent of the parties, and, if nationally recognized bond counsel to Owner at any time determines that an amendment to this Agreement is necessary in order to satisfy the conditions of Rev. Proc. 97-13, Owner and Manager agree promptly to negotiate in good faith and enter into such amendment, provided, however, that Manager shall not be required to enter into any such amendment if it would materially and adversely affect the benefits and burdens of the Manager hereunder. If such an amendment is required and not entered into and nationally recognized bond counsel to Owner determines that there is a material risk of a determination of taxability with respect to such bonds, Owner, upon thirty (30) days' prior written notice to Manager, may terminate this Agreement.

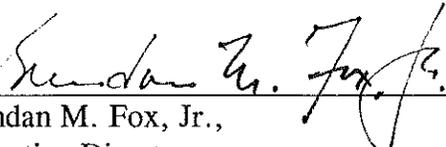
Section 17.23 Agreement Not A Lease.

It is agreed that this Agreement is a management agreement and not a lease, that no leasehold or tenancy is to be created hereby, and that this Agreement shall not be construed as to create the relationship of landlord and tenant.

[The signature page follows.]

IN WITNESS WHEREOF, this Agreement has been duly executed by the parties hereto as of the day and year first above written.

CAPITAL CITY ECONOMIC
DEVELOPMENT AUTHORITY

By: 
Brendan M. Fox, Jr.,
Executive Director

WATERFORD MANAGEMENT, LLC

By: 
Name: *Terrence Bickhardt*
Title: *President*

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