

25. Default by Foundation.

(a) Events of Default. Any one or more of the following events shall constitute an "Event of Default" hereunder if, after the notice and cure periods described in clause (b) below, such events remain uncured:

(1) If default shall be made in the due and punctual payment of any Base Annual Rent or Additional Rent payable under this Lease when and as the same shall become due and payable; or

(2) If Foundation is adjudicated a bankrupt, makes a general assignment for the benefit of creditors, or takes the benefit of any insolvency act, or if a permanent receiver or trustee in bankruptcy is appointed for Foundation's property and such appointment is not vacated within one hundred twenty (120) days thereafter; or

(3) [Intentionally omitted.]; or

(4) If default shall be made by Foundation in the performance of, or in compliance with, any of the terms, covenants, or conditions of any of the following sections of this Lease: Section 14, Use of Proceeds from Operation of SoccerPlex, Section 15, Foundation Reporting to the Commission, Section 23, Assignment, Subletting and Change of Corporate Structure, or Section 24, Mortgage of Foundation's Interest in Indoor Multi-Purpose Facility; or

(5) If there is a finding of the Commission, by action of the Montgomery County Planning Board, that the Foundation is failing to meet the minimum criteria for Field Usage Allocation Guidelines as required by the Commission in Section 6(a)(ii-vi) herein; or

(6) If material default shall be made by Foundation in the performance of, or in compliance with, any of the other terms, covenants, or conditions contained in this Lease.

(b) Notice of Default. Upon the occurrence of one of the events described in clause (a) above, Commission shall serve a "Notice of Default" upon Foundation, which Notice of Default shall provide (i) in the case of an event described in Section 25(a)(1) or (2), that Foundation shall cure such event within thirty (30) days from the date of such Notice of Default, (ii) in the case of an event described in Section 25(a)(3), that Foundation shall cure such event within the applicable cure period therefor set forth in the Leasehold Mortgage, but not less than thirty (30) days; and (iii) in the case of an event described in Section 25(a)(4), (5) or (6), that Foundation shall cure such event within ninety (90) days from the date of such Notice of Default; provided, however that if any such event (other than the payment of money) of such nature that it cannot, by due diligence, be cured within such ninety (90) day period, provided Foundation shall diligently commence the curing of such event within such ninety (90) day period and continuously process the same to completion, the time period shall be extended for such amount of time as is reasonably permitted by Commission for Foundation to process the same to

completion and during such period, Commission may not serve Notice of Termination or exercise any other remedy for such event.

(c) Curing of Default.

(1) Foundation and any Leasehold Mortgagee shall be entitled to the period of time set forth in Section 25(b) to cure any event specified in Section 25(a). Notwithstanding anything contained in this Lease to the contrary and with respect to events under the Lease which cannot be cured by the Leasehold Mortgagee (e.g., bankruptcy of Foundation), Commission shall not terminate the Lease or exercise its other remedies so long as the Leasehold Mortgagee cures all events that are reasonably susceptible to being cured within the applicable notice and cure periods provided therefor.

(2) [Intentionally deleted]

(d) Commission's Remedies Other than Termination. In the event that (1) one of the events specified in Section 25(a) occurs, (2) Commission serves upon Foundation a Notice of Default, and (3) within the pertinent time period described in Section 25(b) or (c), Foundation fails to cure the specified event, then (1) Commission may (but shall not be obligated to) make such payment or do such act as may be reasonably necessary to cure such event, and charge the amount of the expense thereof to Foundation, which amount shall be due and payable by Foundation, as Additional Rent, upon demand, or (2) Commission may, without terminating this Lease, bring an action in a court of law for injunctive relief and/or monetary damages suffered as a result of such event.

(e) Termination. In the event that (1) one of the events specified in Section 25(a) occurs, (2) Commission serves upon Foundation a Notice of Default, and (3) within the pertinent time period described in Section 25(b) or (c), Foundation fails to cure the specified event, then Commission may serve a "Notice of Termination", terminating this Lease as of a date specified therein, upon Foundation, whereupon the Term of this Lease shall expire and terminate with the same force and effect as though the date so specified was the date herein originally fixed as the Lease expiration date, and Commission shall have the remedies with respect to the Premises set forth in Section 25(g) and the obligations of Foundation shall be as set forth in Section 25(f). Notwithstanding anything contained in this Lease to the contrary, Commission agrees not to terminate, or permit the termination of, this Lease without first providing the Leasehold Mortgagee (or any entity owned or controlled by the Leasehold Mortgagee and designated by the Leasehold Mortgagee for such purpose and pursuant to the terms of this Lease) an opportunity to enter into a New Lease in accordance with Section 23(b) herein.

(f) Foundation's Obligations with Respect to Premises. Upon the termination of this Lease as described in Section 25(e), Foundation shall quit and peaceably surrender the Premises within fifteen (15) days after such termination, without any payment by Commission and without further notice, any notice to quit, notice of intention to re-enter or any other notices and any institution of legal proceedings being hereby waived.

(g) Commission's Remedies with Respect to Premises. Commission shall have the right and option upon an one of the events specified in Section 25(a) and Notice of Termination (as provided in Section 25(e) above) to re-enter the Premises, expel Foundation and anyone claiming through it, and remove any property therefrom, by process of law, without being chargeable in any manner with trespass and without prejudice to any remedies for arrears of rent or breach of covenant. Notwithstanding such re-entry, Foundation shall remain liable for any accrued rent or damage caused to Commission prior thereto, and Foundation shall further be liable, as liquidated damages for breach of covenant, to pay Commission the amount of Base Annual Rent for the unexpired period of this Lease, at times specified herein for payment, plus court costs and reasonable attorneys' fees, if any, less such amounts as Commission receives from others to whom the Premises, or any part thereof, may, from time to time, be rented. Commission shall have no obligation to mitigate its damages.

26. Default by Commission.

(a) Commission Default. If Commission fails to perform, or comply with, any of the other terms, covenants, or conditions contained in this Lease, and Commission shall fail to cure such situation within ninety (90) days after receipt of written notice thereof from Foundation (or if such failure is of such nature that it cannot, by due diligence, be cured within the such ninety (90) day period, then such longer period of time as is reasonably required for Commission to process the cure to completion, provided Commission shall diligently commence the curing of such failure within such ninety (90) day period and continuously process the same to completion), then such event shall constitute a "Commission Default" under this Lease.

(b) Foundation's Remedies. If a Commission Default shall occur, then (1) Foundation may (but shall not be obligated to) make such payment or do such act as may be reasonably necessary to cure such Commission Default, and charge the amount of the expense thereof to Commission, which amount shall be due and payable by Commission upon demand, or (2) Foundation may, without terminating this Lease, bring an action in a court of law for injunctive relief and/or monetary damages suffered as a result of such Commission Default.

(c) Budget Appropriations. Notwithstanding anything to the contrary in this Section 26, Commission cannot be in default in the performance of or compliance with any of the terms, conditions, covenants contained in this Lease if funds are not specifically budgeted and appropriated therefor at the time of the alleged default. Certification by the Secretary-Treasurer of the Commission that funds are not specifically budgeted and appropriated therefor shall be conclusive as to that issue. Commission shall, in accordance with its normal budgetary procedures, make timely application for, and use reasonable efforts to obtain, budget appropriations reasonably calculated to provide all funds necessary for Commission's performance of and compliance with all of the material terms, conditions and covenants contained in this Lease.

27. Estoppel Certificates. Commission and Foundation each covenant and agree to execute, acknowledge, and deliver to the other party hereto (or to any party designated by the other party hereto), within ten (10) days after any written request by the other party hereto, a statement in writing certifying:

- (a) That this Lease is in full force and effect;
- (b) Whether there have been any amendments or modifications to this Lease and, if any such amendment or modifications exist, the extent and nature thereof;
- (c) Whether there is any Event of Default under this Lease and, if such an Event of Default exists, the nature thereof;
- (d) Whether there is any Commission Default under this Lease and, if such a Commission Default exists, the nature thereof;
- (e) The date through which Base Annual Rent has been paid; and
- (f) Any other matter reasonably requested by the other party hereto.

28. Covenant not to Compete. Except the Indoor Multi-Purpose Facility, Commission shall not construct or operate, or permit any other party to construct or operate, in the Park any indoor facility for indoor soccer, basketball, lacrosse, in-line hockey and/or volleyball during the Lease Term. During the Lease Term, Commission shall not conduct, or permit any other party to conduct, in any indoor facility in the Park (other than the Indoor Multi-Purpose Facility) indoor soccer, basketball, lacrosse, in-line hockey and/or volleyball, without the prior written consent of Foundation, which consent may be granted or withheld in Foundation's sole discretion.

29. Taxes and Other Impositions. Notwithstanding any other provision of this Lease or provision of law, rule or regulation, Foundation shall pay and remit when due all taxes or other impositions of any kind levied, assessed or otherwise due and payable by, against or for the Premises subject of this Lease; provided, however, that Foundation shall have the right to contest the validity and/or amount of any such taxes.

30. Ownership of Park. Commission represents and warrants that it is the owner of record and the beneficial owner of the Park.

31. Quiet Enjoyment. Commission warrants that if and so long as Foundation shall not be in default hereunder, Foundation shall quietly hold, occupy, and enjoy the Premises and all rights relating thereto during the Lease Term, without hindrance, ejection, or interference by Commission or any party claiming by, through or under Commission, subject nevertheless to the terms and conditions of this Lease.

32. Notices. Any and all notices, requests or other communications hereunder shall be deemed to have been duly given if in writing and if transmitted by hand delivery or overnight delivery with receipt therefor, or by registered or certified mail, return receipt requested, and first-class postage prepaid, to Commission or Foundation at their respective addresses set forth in Section 1. The foregoing addresses maybe changed by any party by giving notice in accordance with this Section 32. Notices shall be deemed effective when delivered by hand or overnight delivery service, or three (3) business days after mailing. Any notice, request or other communication shall include a reference to the section of this Lease to which such notice,

request or communication relates and, if any specific time period has been established herein for action, review and approval, or other response, such time period shall be stated in capital letters.

Foundation shall follow up any request to Commission for consent or approval with telephonic notice to Commission's General Counsel that such request has been delivered to Commission.

33. Recording. Commission agrees that if so requested by Foundation, Commission will execute in recordable form for purposes of recordation, at Foundation's expense, a short form of lease containing the names and addresses of the parties, the description of the Premises, the Term of this Lease including the Lease Commencement Date and the expiration date, a statement regarding the use of the Premises, and such other provisions as either party may reasonably require. Foundation shall be responsible for all costs, expenses, charges, and taxes in connection with the recordation of this Lease or a memorandum thereof. If such a short form of this Lease is recorded, upon the expiration or termination of this Lease, Foundation shall execute, acknowledge, and deliver to Commission an instrument in writing releasing and quitclaiming to Commission all right, title, and interest of Foundation in and to the Premises arising from this Lease or otherwise, all without cost or expense to Commission. Foundation's obligations under this Section 33 shall survive the expiration or termination of this Lease.

34. Expiration or Termination of the Lease Term.

(a) Surrender. Subject only to those provisions set forth in Article 22, at the expiration or earlier termination of the Lease Term, all Park Infrastructure Improvements on the Premises and all SoccerPlex Improvements (whether such Improvements were constructed during the Initial Term of the Lease or any Extension Term) shall remain upon and be surrendered with the Premises and become the property of Commission without cost to Commission. Foundation shall remove all of its trade fixtures and personal property from the Premises by the expiration or termination date, and shall repair any damage to the Premises occasioned by such removal. Foundation's obligations under this Section 34(a) shall survive the expiration or termination of this Lease.

(b) Holding Over. In the event that Foundation shall not immediately surrender the Premises on the expiration or other termination of this Lease, Foundation shall, by virtue of the provisions hereof, become a tenant by the month. Such monthly tenancy shall commence with the first day after the Lease expiration date or other termination of this Lease. Foundation shall, as a monthly tenant, be subject to all of the terms, conditions, covenants, and agreements of this Lease. Foundation shall give Commission at least thirty (30) days written notice of any intention to quit the Premises, and Foundation shall be entitled to thirty (30) days written notice to quit the Premises; provided, however, that if Foundation is in default hereunder, Foundation shall not be entitled to any notice to quit, the usual thirty (30) day notice to quit being hereby expressly waived. Notwithstanding the foregoing provisions of this Section 34(b), in the event that Foundation shall hold over after the expiration or other termination of this Lease, if Commission shall desire to regain possession of the Premises promptly on the expiration or termination date, then at any time prior to Commission's acceptance of Rent from Foundation as a monthly tenant hereunder, Commission, at its option, may forthwith re-enter and take possession of the Premises by any legal process in force in the State of Maryland. In the

event of any such holdover to which Commission objects, Foundation shall be liable to Commission for any and all damages incurred as a result of such holdover, and shall in addition pay to Commission the reasonable value of its use of the Premises.

35. Miscellaneous Provisions.

(a) Consents and Approvals.

(1) By Commission. Whenever consent or approval of the Commission is required under this Lease, only the Executive Director of the Commission or the Director of Parks (or a person designated by the Executive Director of the Commission or the Director of Parks to grant consents and approvals under this Lease, by written and personally signed notice to Foundation) may grant such consent or approval, unless the provision requiring such consent or approval clearly states otherwise.

(2) By Foundation. Whenever consent or approval of Foundation is required under this Lease, only the President of Foundation (or a person designated by the President of Foundation to grant consents and approvals under this Lease, by written and personally signed notice to Commission) may grant such consent or approval, unless the provision requiring such consent or approval clearly states otherwise.

(b) Consents and Approvals Not Unreasonably Withheld. Whenever consent or approval of the Commission or Foundation is required under this Lease, such consent or approval shall not be unreasonably withheld, conditioned or delayed, unless the provision requiring such consent or approval clearly states otherwise.

(c) No Broker. Commission and Foundation each represent and warrant to the other that they have not authorized any broker, agent or finder to act on their behalf, nor do they have any knowledge of any broker, agent or finder purporting to act on their behalf in connection with this transaction, and Commission and Foundation each hereby agree to indemnify, defend and hold harmless the other from and against any cost, expense, claim, liability, or damage resulting from a breach of the representation and warranty contained herein.

(d) Responsibility for Acts of Others. Foundation shall be liable for any violation of the terms and conditions of this Lease by Foundation, its assignees, licensees, concessionaires, the assignees of its assignees, or any of their respective agents, employees, contractors, licensees or invitees. Commission shall be liable for any violation of the terms and conditions of this Lease by Commission, its agents, employees, contractors or licensees.

(e) Limitation of Commission's Liability. No member, official, representative or employee of the Commission shall be personally liable to with respect to any claim arising out of or related to this Lease.

(f) Limitation of Foundation's Liability. No officer, director, shareholder, representative or employee of Foundation or member thereof shall be personally liable to with respect to any claim arising out of or related to this Lease.

(g) No Partnership. Nothing contained in this Lease shall be deemed or construed to create a partnership or joint venture of or between Commission and Foundation, or to create any other relationship between the parties hereto other than that of landlord and tenant.

(h) Time of the Essence. Time is of the essence with respect to any and all provisions of this Lease.

(i) Force Majeure. Neither Commission nor Foundation shall be considered in default of any of its obligations if it is delayed in the performance of such obligations by causes beyond its control, including but not restricted to, strikes, lockouts, actions of labor unions, riots, storms, floods, explosions, acts of God or of the public enemy, insurrection, mob violence, civil commotion, sabotage, malicious mischief, vandalism, inability (notwithstanding good faith and diligent efforts) to procure, or general shortage of labor, equipment, facilities, materials, or supplies in the open market, failures of transportation, fires, other casualties, epidemics, quarantine restrictions, freight embargoes, severe weather, inability (notwithstanding good faith and diligent efforts) to obtain governmental permits or approvals, or delays of contractors or subcontractors due to such causes, it being the purpose and intent of this paragraph that in the event of the occurrence of any such delays, the time or times for the performance of the covenants, provisions and agreements of this Lease shall be extended for the period of the delay (including any time reasonably required to recommence performance due to such delay). The affected party shall use reasonable efforts to remedy with all reasonable dispatch the cause or causes preventing it from carrying out its agreements. The settlement of strikes, lockouts, and other industrial disturbances shall be entirely within the discretion of the affected party, and the affected party shall not be required to make settlement of strikes, lockouts, and other industrial disturbances by acceding to the demands of the opposing party or parties when such course is, in the judgment of the affected party, unfavorable to the affected party. Notwithstanding the above, (i) Foundation may not rely on its own acts or omissions as grounds for delay in its performance, and (ii) Commission may not rely on its own acts or omissions as grounds for delay in its performance.

(j) Non-Discrimination. Foundation will not discriminate against any person, group or organization because of age, sex, race, creed, national origin or disability. Foundation will take action to ensure that applicants are employed and that employees are treated during employment without regard to their age, sex, race, creed, national origin or disability. Foundation shall comply with Commission's anti-discrimination policy with respect to any expenditure of public funds. Foundation shall comply with the spirit of Commission's anti-discrimination policy with respect to expenditures of Foundation funds.

(k) Invalidity of Particular Provisions. If any provisions of this Lease or the application thereof to any person or circumstances shall to any extent be invalid or unenforceable, the remainder of this Lease, or the application of such provision to persons or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each provision of this Lease shall be valid and be enforced to the fullest extent permitted by law.

(l) Gender and Number. Masculine, feminine, or neuter pronouns shall be substituted for one another, and the plural shall be substituted for the singular number, in any place or places herein in which the context may require such substitution.

(m) Governing Law. This Lease shall be construed and enforced in accordance with the laws of Maryland.

(n) Headings. The captions and headings herein are for convenience of reference only and in no way define or limit the scope or content of this Lease or in any way affect its provisions.

(o) Counterpart Copies. This Lease may be executed in two or more counterpart copies, all of which counterparts shall have the same force and effect as if all parties hereto had executed a single copy of this Lease.

(p) Binding Effect. This Lease shall be binding upon and inure to the benefit of the parties hereto and their respective legal representatives, executors, administrators, successors and/or assigns, provided that nothing herein shall be construed to permit a transfer or assignment expressly prohibited by the provisions of this Lease.

(q) Entire Lease. This Lease contains the final and entire agreement between the parties hereto and is intended to be an integration of all prior negotiations and understandings. Commission, Foundation and their respective representatives and agents shall not be bound by any terms, conditions, statements, warranties, or representations, oral or written, not contained herein, unless contained in a modification which meets the criteria of this Section 35(q). No change or modification of this Lease shall be valid unless the same is in writing and signed by the parties hereto or thereto. No waiver of any of the provisions of this Lease shall be valid unless the same is in writing and is signed by the party against which it is sought to be enforced.

(r) Limitations on Commission Responsibilities and Obligations. Notwithstanding any other provision of this Lease, all responsibilities and obligations of the Commission pursuant to this Lease shall be subject to the Commission's normal operating procedures and plans therefor and the Commission's adopted and approved budget for the specific responsibility and/or obligation. Furthermore, the Parties acknowledge that the Commission has entered into the Lease in its capacity as the owner of the Park. No agreements contained in the Lease or approvals by the Commission as required under this Lease shall be deemed to waive any obligation of the Foundation to appear before the Montgomery County Planning Board in its regulatory capacity, and any improvements to the SoccerPlex shall be subject to the appropriate governmental approvals and permits.

(s) Ratification of Lease. All terms, covenants and conditions of the Lease (other than the Table of Contents) not expressly modified and amended hereby remain in full force and effect and are hereby ratified and affirmed in all respects, except that in the event the Council and the Leasehold Mortgagee do not approve the terms of the Lease on or before August 1, 2006, this Lease shall terminate and be of no further force and effect, and the terms of the Original Lease shall continue in full force and effect. Commission will immediately initiate, and

diligently pursue obtaining the Council's approval, Foundation will immediately initiate and diligently pursue obtaining the Leasehold Mortgagee's approval, and both parties will cooperate with the other in obtaining such approvals.

[SIGNATURES ON FOLLOWING PAGE]

IN WITNESS WHEREOF, the parties hereto have duly executed this Amended and Restated Ground Lease Agreement on the day and year as set forth below, which shall be effective as of the later of the date this Amended and Restated Ground Lease Agreement is approved by the County Council of Montgomery County, Maryland, and the date this Amended and Restated Ground Lease Agreement is approved by the Leasehold Mortgagee, in accordance with Section 35(s).

Attest:

COMMISSION:

Maryland-National Capital Park and Planning
Commission

Patricia Colihan Barney
Secretary-Treasurer

By: _____ (SEAL)
Trudye Morgan Johnson
Executive Director

WITNESS/ATTEST:

FOUNDATION:

Maryland Soccer Foundation, Inc.

By: _____ (SEAL)
Kenneth D. Salomon, President

Date: _____

Maryland Soccer Foundation
Policy for Permitting SoccerPlex Fields
Rev. 3.2.06

MSF's policy for permitting fields is based on the following guiding principles and criteria:

- A. Preference is given to organizations that support children from Maryland, with a majority of games allocated to Montgomery County children, and specifically those living in the upper County area.
- B. Diversify income stream by permitting SoccerPlex fields to a broad base of users, thereby supporting MSF's long-range business plan while offering new playing opportunities for a greater number of area soccer clubs and organizations.
- C. Allocate sufficient games to Soccer Association of Montgomery (SAM) in order to (1) create a vital new alternative pathway to the Soccerplex for county players (2) develop anew revenue stream for MSF and (3) comply with the terms for receipt of the Henderick's grants.
- D. Establish fees for use of SoccerPlex fields in order to achieve a sound and stable fiscal position.
- E. Allocate a number of games per season to players and teams who may not have an opportunity to play at the SoccerPlex due to distance or financial condition.
- F. In fairness to all users and in adherence to the best practices of non-profit administration, play opportunities will be provided to organizations that follow established SoccerPlex rules and regulations, honor the terms and conditions of contracts and meet published deadlines.
- G. Games that have been reserved and allocated and then returned by a club to MSF will be offered pro rata based on the game reservation requests first to clubs whose allocated games for that season are less than their game reservation request for that season. Any remaining available games will be offered on a first come first serve basis to all clubs currently under contract with MSF, subject to any caps due to capacity constraints.

Testimony
Of
Trish Heffelfinger
Executive Director
Maryland Soccer Foundation (MSF)
On March 23, 2006

Good morning and thank you for the opportunity to provide an update on activities at the Maryland SoccerPlex and Discovery Sports Center; and to enlist your support for several proposed lease amendments that will enable the Foundation to provide more games and high quality fields at the SoccerPlex for more Montgomery County and area children, and enable the Foundation to generate additional revenue and become more financially self sustaining.

In my testimony today I will present the following:

- An update on activities at the SoccerPlex and Discovery Sports Center.
- Proposed lease amendments and the financial impact to MSF.
- Recent grants from the Hendricks family and Discovery Communications and the financial impact to MSF and the soccer community.
- Guidelines and criteria for allocation of games at the SoccerPlex.

Maryland SoccerPlex and Discovery Sports Center Activities

The Maryland SoccerPlex and Discovery Sports Center celebrated its fifth anniversary in October and December 2005, respectively. The SoccerPlex welcomes more than 450,000 players, parents, spectators and visitors to the facility annually. Each year more than 4,100 soccer matches are held on our outdoor soccer fields which equates to approximately 235 matches per field per year. Despite this level of use, the SoccerPlex continues to be recognized as a world class facility and as one of, if not, the top soccer facility in the country.

Basketball and Volleyball

The Discovery Sports Center, at one time the area's best kept secret, is growing as a local and regional sports facility. Basketball, in particular, is growing with Maryland Flames, G.O.Y.A., Urban Youth, Paradigm, and the Adventist Rehabilitation Hospital Knights Invitational Wheelchair basketball tournament; the Gary Williams, Steve Blake, Buzzy Breaman and Maryland Nighthawks summer camps; One on One spring and fall clinics, Maryland Flames weekend fall leagues and our own in-house basketball leagues in spring and fall. Volleyball fills the Discovery Sports Center every weekend from Mid-March to Mid May with tournaments sponsored by the Montgomery Village Sports Association and the Chesapeake Regional Volleyball Association.

Soccer Programs

Winter indoor soccer continues to be at approximately 94% capacity from approximately 4:00 p.m.-midnight on weekdays and 7:00 a.m. to midnight on weekends. In addition to our in-house soccer programs for 3-8 year olds, we run our own youth and adult soccer leagues. The facility is available to teams and clubs on a rental basis for training sessions and soccer development programs. The Damascus Soccer Club and MSI have held winter development programs at the Discovery Sports Center for the past two years. In addition to soccer, we have developed a four year relationship with

Champions of Tomorrow, a local sports organization that provides leagues and training for girls interested in field hockey and lacrosse.

The most challenging time to fill for all recreation facilities is during the day during the week when children are in school. The two options are either pre-school age groups or seniors. In 2004, MSF developed its PreKicks soccer program for 3-5 year olds. With the exploding Germantown population and the 5,000 homes adjacent to the SoccerPlex the program has become one of our most popular. This past winter, we expanded the program to include 6-8 year olds. Known as "Kickers", the program provides the soccer development progression for those children who would like to move into recreation soccer leagues. To date, 1,600 children have participated in the two programs. We will continue to offer PreKicks and Kickers year round under the Soccer Association of Montgomery (SAM), the Foundation's in house soccer program.

In 2006, there are currently only two weekends in August that do not have an activity on the SoccerPlex fields or inside the Discovery Sports Center.

Soccer continues to account for more than 80% of MSF's revenue from sporting activities. Although the Foundation has faced operating deficits in the past, we continue to feel it is important to support programs and organization that support the sport. Since opening five years ago we have made the facility available at no cost to organizations such as MSI and the Maryland State Youth Soccer Association that provide continuing education courses for coaches and referees.

One of the relationships of which we are most proud and committed, is the TopSoccer adaptive soccer program supported in part by MSI. Each November the program holds the Meredith Cup TopsFestival for its participants. The event is held all day on the SoccerPlex stadium field at no cost. It is a wonderful opportunity for our local soccer players to come and support and cheer on those who joyfully celebrate the sport.

In fall 2005, MSF established the Soccer Association of Montgomery (SAM) to ensure that soccer teams, players and parents in Montgomery County would always have an open pathway to the SoccerPlex. Funding for SAM is provided by one of the restricted grants provided by the Hendricks last year. The program will provide soccer development for 3-7 year olds, a recreation league for 7 years to high school and a "challenge" league for 9-17 year olds who want to progress beyond the recreational level. In fall 2006, Seneca Sports Association's 1,300 member soccer program, headquartered in Germantown, will merge with SAM. Although open to all, we envision that SAM primarily will serve Germantown and the Up County region. Those players who are in PreKicks and Kickers now will be able to join SAM's recreation league and continue to play at the SoccerPlex. As SAM grows it will provide an additional source of revenue to MSF.

Community Activities

Starting in 2003 the Discovery Sports Center became available for rental for non-sporting activities. Initially we anticipated that we would receive requests for business conferences, trade shows and exhibitions. While we have scheduled an annual Home and Furnishings Show, Antique and Collectibles Show, and Watch and Clock Show, the Sports Center has become a site for more community wide events. In 2005 we hosted three Indian cultural festivals and a semi annual Islamic Prayer Service. In 2006 we have

added an Asian Pacific Heritage Festival and are exploring the opportunity to create an Hispanic Cultural Festival.

The SoccerPlex has been host to the Germantown Walk for the Homeless for the past three years. The event is held in the fall and has grown from 75 walkers the first year to 260 walkers in 2005. The Walk raises funds for two local Germantown community service organizations.

In 2005, MSF, in partnership with MCPS and the Gazette, sponsored its first annual College Expo for local high school students. We sold exhibit space to 160 colleges and then paid to transport the students from area high schools during the school day to meet with prospective college admissions staff. In the evening we invited parents to meet with the colleges and attend several informational seminars. More than 2,000 students and parents attended the one day Expo.

In 2006, MSF was approached by Sue and Perry Mulsteff of Damascus. Their son, Sean, died in a single car accident at the age of 19. The Mulsteff's wanted to create something positive from their loss. They were working with local and state and national officials to create a defensive driving school for teens, however they needed a location that had available parking lots. MSF recognized the value of such a program to the community and has made one of the SoccerPex lots available during the week for the Road Safe Teen defensive driving program that will launch this spring.

In addition to the cultural festivals and the College Expo, in 2006 MSF will sponsor a Kids Expo and a Sports Expo for local residents.

The SoccerPlex continues to host the Kicks Against Breast Cancer intercollegiate soccer tournament in April. The tournament raises money through sponsorships, admission to games and contributions. MSF contributes pro bono use of the fields. All proceeds benefit breast cancer research.

Although envisioned as a soccer-centric facility in 1998, the SoccerPlex and Discovery Sports Center has evolved and increasingly become a significant community asset.

Lease Amendments

Last fall, after five years of operation, the Foundation requested the Commission re-examine the Lease Agreement between the two organizations to explore opportunities to streamline operations, alleviate financial burdens, increase capacity and enable the Foundation to generate additional revenue. We believe the proposed amendments will permit the Foundation to operate more cost effectively and better serve the Community.

In 1999, the operation of a nineteen field SoccerPlex was a new and unknown venture. Many of the restrictions placed in the Lease were in response to concerns regarding the new operation, traffic and the impact on the surrounding community. Concurrent with and accelerated by the development of the SoccerPlex was the residential development that now totals approximately 5,000 homes adjacent to the Park.

Since 2000, the amenities in South Germantown Park have expanded to include an adventure playground, 36 holes of miniature golf, a splash playground, a golf driving range and the spectacular new Germantown Swim Center that alone will attract 700,000 visitors annually.

The Foundation has successfully operated the SoccerPlex for five years. We have been good stewards of the land and good neighbors. We will continue to offer programs that meet the needs of the local soccer community and the broader regional community.

The requested amendments are as follows:

Field Usage

Remove restrictions on usage of the fields including:

- field resting requirement (25% of fields must currently rest on soccer league weekends);
- number of games on league weekends (currently five games per field per day);
- number of games on tournament weekends (currently six games per field per day);
- number of tournaments permitted in a year (currently 10)
- hours of operation (currently 9:00 a.m. to dark on league weekends and 8:00 a.m. to dark on tournament weekends).

Financial Impact:

- Use of three rested fields would add \$144,000 in annual revenue (10 games/wk x 8 wks x 2 seasons x 3 fields x \$300/game). There will be an incremental increase in maintenance expense of about \$15,000 annually.
- Adding a sixth game to each weekend day in Spring and Fall seasons would add 992 games annually and generate \$297,600 in net new revenue.
- Similar to league weekends, if one game per day was added to six of our eight tournaments, it would generate \$68,400 (2 games x 19 fields x 6 tournaments x \$300/game) in new revenue.
- An additional tournament generates \$60,000 in fee income plus concession revenue.

Maryland Soccer Federation

	Games	Fee	1 season	Fall	Winter	Spring	Summer	Annual	Rested Fields	Total
Currently	1040	\$287.50	\$299,000.00	\$299,000.00		\$299,000.00		\$598,000.00	\$72,000.00	\$670,000.00
FIELD DEVELOPMENT										
3 fields-natural / no lights	336	\$300.00	\$100,800.00	\$100,800.00		\$100,800.00		\$399,600.00	\$72,000.00	\$871,600.00
3 fields-natural / lights	528	\$300.00	\$158,400.00	\$158,400.00		\$158,400.00	\$4,800.00	\$919,600.00	\$72,000.00	\$991,600.00
3 fields-synth / no lights	456	\$300.00	\$136,800.00	\$136,800.00		\$136,800.00	\$57,600.00	\$988,800.00	\$72,000.00	\$1,058,800.00
3 fields-synth / lights	984	\$300.00	\$295,200.00	\$295,200.00		\$295,200.00	\$144,000.00	\$1,476,400.00	\$72,000.00	\$1,548,400.00
RESTED FIELDS										
3 - Rested Fields	240	\$300.00	\$72,000.00							

NOTES: In order to try and compare the effects of field development and lease amendments, we only compared the impact on weekend league games and weekday use. Since not all tournaments are configured (variable field use) the same, it was felt that including tournaments in the equation would not give a good comparison.

- The extension of the hours of operation would enable the additional games on league and tournament weekends as stated above.

In summary, the elimination of the field usage restrictions would enable the Foundation to generate an additional \$569,000 in revenue annually. Initially the excess capacity would be used to generate revenue to pay down debt and add to operating reserves, not to reduce field use fees.

Fields 23 & 24

Fields 23 and 24 were built and financed by the Foundation. The Foundation pays debt service of approximately \$60,000 per year on the two fields and generates approximately \$29,000 in tournament fee revenue from the two fields. If the maintenance and management of these fields were transferred to the Foundation, MSF would generate an additional \$96,000 a year in revenue.

MSF requests the Commission transfer the responsibility for management and maintenance of soccer fields 23 & 24 from Park and Planning to the Foundation. If approved the Foundation would work with Commission staff to provide continued usage by historic users, however the fee would be increased to meet revenue projections.

Expanded Lighting of Fields

In the current lease, MSF has approval to light fields 9, 10, 12, and 13. The Foundation seeks approval to light fields 14-17 and fields 18, 19, and 20 (Phase 2). The lighting would be installed by Musco Lighting, which is in the process of conducting a lighting metrics study on each field site. The Foundation anticipates lighting approximately six fields the next two years. On three to four fields, lighting would occur in conjunction with the development of synthetic turf fields. The lighting of fields adds game capacity and will generate additional revenue.

Expanded Stadium Seating

The seating capacity in the stadium is currently 3,200. During the past five years, the SoccerPlex has hosted seven DC United matches, a US Olympic team qualifier, Washington Freedom (women's team) matches, collegiate matches and in 2006 the SoccerPlex will host the ACC men's soccer championships. The Foundation would like to increase the seating capacity to 7,000 in order to attract larger sporting events that will generate additional revenue.

Additional Improvements

In 2004, the MSF Board appointed a Capital Improvements Plan (CIP) Committee to study additional improvements to the SoccerPlex. The Committee divided improvements into two categories: revenue enhancing and product enhancing. Some of the potential improvements include: new field development including synthetic turf, lights, additional storage space, a comfort station, outdoor picnic shelter(s), and concession operation enhancements. The Foundation requests the authority to proceed with these improvements when it deems appropriate.

Maintenance Building Rent

The Foundation pays an annual rent on the space its staff occupies in the Maintenance Building. In 2006, that amount is approximately \$40,000 + utilities. The rent escalates 5% annually. MSF rents one office and four "bay" areas for storage of equipment and

materials, and uses common areas such as a kitchen and bathrooms. At the end of the lease term, the Foundation will pay over \$1 million in rent. The Foundation requests the Commission waive the payment of rent and utilities for the Maintenance Building.

Storm Water Management Facilities

The Foundation requests that the responsibility for all storm water management facilities in South Germantown Park be transferred to the Commission.

Reports

The Foundation is required to provide the Commission with a series of financial and operational reports at different times of the year. MSF requests that the timing and content of the reports be reviewed with the Commission's Secretary-Treasurer to develop reports that meet the needs and timetable of both organizations.

Approval/Waiver Authority

To ensure that the process is expedited, permit an additional individual to give consents, if any, required under the Lease. This is of particular interest in the waiver for business-related activities and non-sporting events that are time sensitive.

Advisory Committee

In 1999 a community advisory committee was established in the lease to provide a vehicle for the community to provide input on SoccerPlex operations. The Committee met several times in the early years but there has been significant turnover in the community members and the Committee has not convened in two years. However, over the past four years, the Foundation's Executive Director has been an active participant on several community based organizations including: a board member of the Germantown Alliance, a member of the Germantown Chamber of Commerce, the Health Care Alliance, and the Germantown Leadership Council, all of which provide regular and valuable community input.

Since the SoccerPlex is no longer the lone facility in the Park, the Foundation recommends that the Commission establish a South Germantown Park Advisory Council that would include representatives from each of the facilities in the Park and be chaired by the Park Manager. MSF would be glad to help organize this effort.

Lease Extension Terms

The lease has an initial term of 25 years and two extension terms of five (5) and 10 years for a total of 40 years. MSF requests that the lease extension terms be removed and the lease term extended to 40 years from the original 1999 date.

Restated Lease

In order to more efficiently manage the lease, the Foundation requests that after lease provisions are agreed upon that a new restated lease be created.

Operating Grants

In October 2005, John and Maureen Hendricks provided to MSF grants totaling \$6 million.

The grants were carefully structured to:

- (1) provide funding to enable MSF to develop debt free fields and programs to generate revenue that would grow over time;
- (2) provide scholarships so that regional youth players are not prevented from playing at the SoccerPlex due to financial condition or distance;
- (3) subsidize soccer league games for area soccer clubs who meet eligibility and permitting criteria and deadlines established by the grants; and
- (4) provide MSF with an operating subsidy to fund operating shortfalls as the new programs come on line.

The restricted grants are structured as follows:

John and Maureen Hendricks Charitable Foundation:

Total: \$3,000,000

- Field Development fund: \$2,000,000*
- SAM Soccer Development fund: \$1,000,000
 - Scholarships \$250,000**
 - SAM \$100,000
 - MYSTAR Clubs \$150,000

*In 2004, as part of the County's GHAR program, MSF received a matching grant from the Hendricks in the amount of \$533,136 which will be added to the \$2,000,000 field development fund.

** To be allocated over 5 years

John and Maureen Hendricks Personal Gift

Total: \$3,000,000

- General Operating support \$2,480,000
- Club Subsidy Fund 520,000 (\$50/game x 2,080 games x 5 years)

The \$3,000,000 will be paid over 10 years in annual gift installments of \$300,000 (\$196,000 for operating support and \$104,000 club subsidy) to be issued on November 1 each year beginning with November 1, 2005.

Hendricks/Discovery Additional Club Subsidy

Total: \$100,000; \$50,000 Hendricks + \$50,000 Discovery

Funds are to be used to reduce the first 100 games by \$100/game for the first 10 youth soccer clubs to sign a Game Reservation Form.

Field Development

MSF staff and Board are reviewing the financial impact of several options for field development. However the most significant point to remember is that the development of these fields is debt-free. Please see attached aerial view of the SoccerPlex.

Option #1

Develop Phase 2 fields 18, 19, and 20 (outlined in black on the aerial) as synthetic turf fields with lighting. Like the Commission, the Foundation sees the new synthetic turf as offering year round play, multi-sport play, and lower maintenance. Turf fields also provide insurance to tournaments that in inclement weather a number of games will be played.

The advantages of this option are several and include:

- Synthetic turf with lights on 'not yet constructed fields' yield the greatest revenue, approximately \$676,800 more annually than natural grass fields without lights; and \$556,800 more annually than natural grass fields with lights. (See attached chart).
- Maintenance on synthetic turf is estimated to be approximately 40% of the cost to maintain a natural grass field.
- All revenue is net new revenue.

Option #2

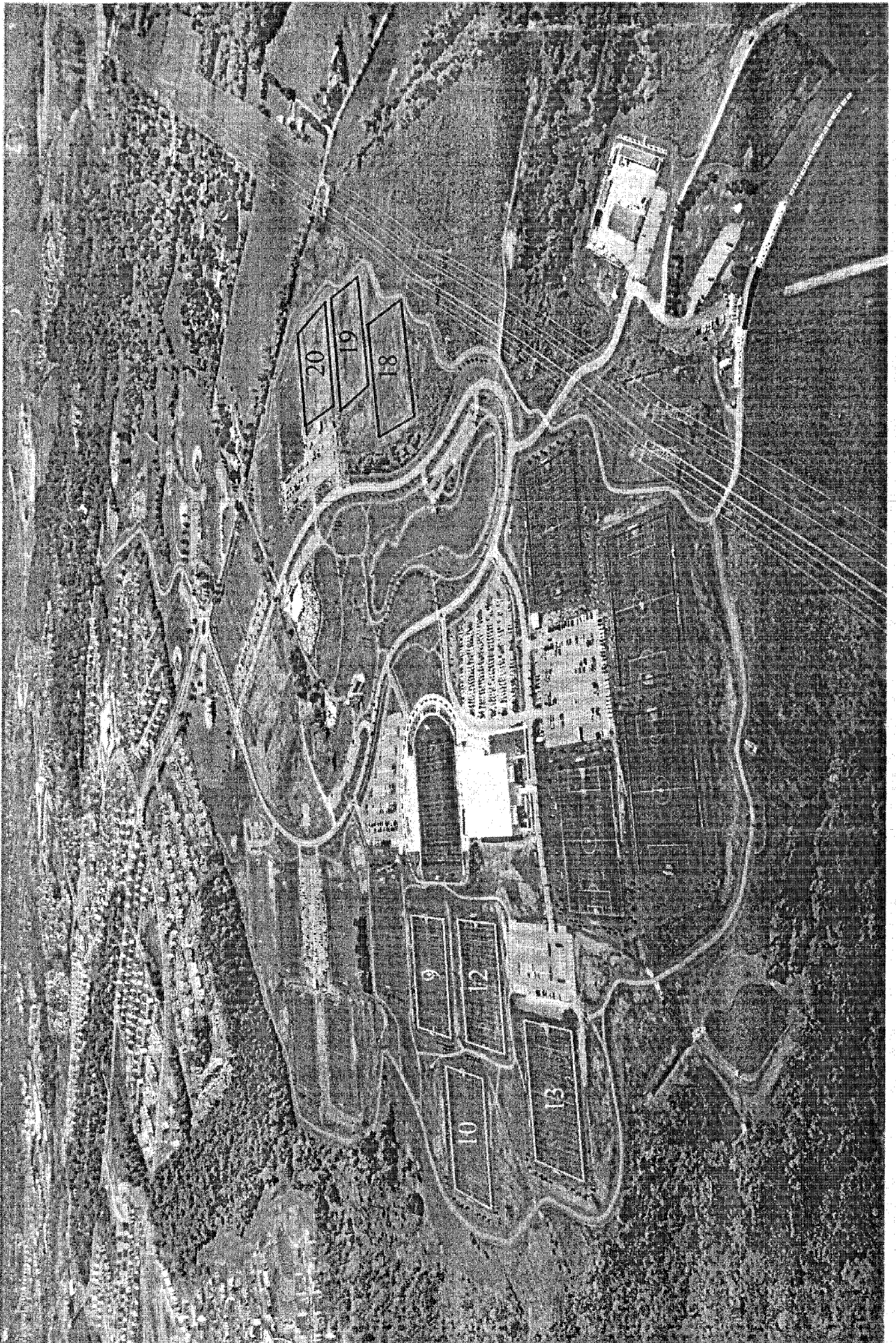
Convert current natural grass fields 15, 16 and 17 (outlined in red on the aerial) to synthetic turf fields with lighting. This option is not as favorable because:

- By converting three natural grass fields to synthetic you are in effect tearing out the \$1 million in improvements made to that field five years ago.
- The net new revenue generated is significantly reduced because you must account for the revenue you are currently generating on the fields.
- You must construct in winter when the fields are not in use so that there is no interruption in use of the fields.

Option #3

Convert current natural grass fields 9, 12, and 13 (outlined in yellow on the aerial) to synthetic turf fields with lighting. Since this is a field conversion, this option presents the same issues as Option #2.

Since the Department of Permitting Services considers synthetic turf fields to be impervious, each of these options will have to be reviewed by a civil engineer to determine the cost of storm water management. In addition Musco Lighting has been asked to perform lighting metrics on each cluster of fields.



Soccer Association of Montgomery (SAM)

SAM was created in late fall 2005 to (1) ensure that Montgomery County soccer teams, players and parents would always have an open pathway to the SoccerPlex, and (2) to provide an additional revenue stream for MSF. The \$1 million grant will be allocated over five years and will fund soccer program staff, field usage fees, player and coaching development staff, instructors and coaches, referees, uniforms, website, online registration and marketing.

Seneca Sports Association's soccer program will merge with SAM in fall 2006, bringing the club's membership to approximately 1,600. Seneca Sports is predominately populated with Germantown families. We anticipate SAM's growth will come from Germantown and the Up County area.

Scholarships

The grant provides \$100,000 over five years for programs to help disadvantaged, disabled or at risk youth. The first programs to be developed with this funding are:

STAARS (Students Training in Athletics and Academics Reaching Success) is a partnership program between MSF and MCPS and initiated by Councilman Mike Knapp to offer an after school soccer and study program for at risk students at the middle school and high school level in the Germantown area. The pilot program will begin March 27 and run through May 19. Four high schools and two middle schools will identify 20 students each who will participate in an after school study program two days a week and then come to the SoccerPlex for instruction in soccer two days per week. Transportation will be provided by MCPS. The Foundation will fund the coaching staff.

SportsPlus is a soccer program developed for autistic children. The program will be a partnership between MSF and Tom and Natalie Liniak who started the program in 2005 but due to lack of facilities and coaching support were not able to grow it. The program will launch at the SoccerPlex this Spring with a goal of registering 48 children.

In addition to these programs, MSF is working with the Long Branch Athletic Association (LBAA) to set aside a number of games each season at the SoccerPlex to provide their soccer teams an opportunity to play on great fields. We were only able to set aside six games in spring 2006 but hope to increase that number with the field and game expansion that will come through approval of the proposed lease amendments. In addition, we will offer several of their teams free entry into MSF's recreation tournament, the Mid Atlantic Cup in mid June.

Club Subsidy Fund

On March 7, 2006 the following clubs submitted five (5) year agreements to play league games at the SoccerPlex. The clubs are: Bethesda Soccer Club, DC Stoddert, CYO, Seneca Soccer, Seneca Sports, SAM, Potomac Soccer Association, Damascus Soccer Club, and MSI.

Club Subsidies

The Hendricks grant provides \$52,000 per season for 10 seasons with the following requirements:

- \$50 per game subsidy for 1,040 games per season
- 10 game minimum reservation per season under contract, however if a club only plays one season (CYO in Fall; FC Frederick in Spring) they will receive the subsidy for those games in that season.
- Maximum number of games under subsidy for any one club is 400 per season. (At present this only affects MSI as they are the only club with more than 400 games in one season (Spring).
- Per game rate is tied to the term of the agreement based on the published MY*STAR Rate Card. The longer the term, the lower the rate e.g. 5 years = \$237.50.

Discovery/Hendricks subsidy (\$100,000):

- \$100 subsidy for first 100 games for first 10 clubs to sign a MYSTAR Reservation Form

Example:

MSI
5 year reservation
Spring 2006 – 600 games

100 games @ \$137.50	=	\$13,750
300 games @ \$237.50	=	\$71,250
200 games @ \$287.50	=	<u>\$57,500</u>
Total		\$142,500 vs \$180,000 (600 x\$300/game)
Savings	=	\$ 37,500 in Spring 2006

In order to meet revenue projections for debt service, operations and maintenance, MSF needs to receive \$300 in per game revenue. The club subsidy is based on a rate of \$287.50. The balance of \$12.50 per game must be subsidized by MSF.

The clubs are receiving a subsidy of \$50.00 + \$12.50 or \$62.50 from MSF and the Hendricks'. In addition, the first 10 clubs will receive a \$100 subsidy on their first 100 games from a Hendricks/Discovery grant. In Spring 2006, all clubs with the exception of MSI are paying only \$137.50 per game.

What are the direct costs associated with a game at the SoccerPlex? The chart below illustrates the costs:

SoccerPlex Annual Direct Costs

	2005	%
Consumables	172,854	11.02%
Depreciation & Amortization	270,473	17.25%
Insurance	58,685	3.74%
Maintenance Building	56,581	3.61%
Marketing & Promotions	11,097	0.71%
Other Expenses	76,674	4.89%
Debt Service	603,875	38.51%
Professional Services	53,057	3.38%
Purchases-Concession	57,343	3.66%
Salaries & benefits	191,087	12.18%
Utilities	16,493	1.05%
Total Direct SoccerPlex Costs	\$1,568,219	
Number of Games	4,120	
Cost per Game	\$ 381	

The costs associated with a game at the SoccerPlex will continue to increase over the next five years however, 2,080 subsidized games will generate a fixed amount of revenue each year for the same five years. In addition, MSF must generate an additional \$26,000 annually to subsidize the clubs fees.

Games scheduled at SoccerPlex for 2 hours					
	Cost 2 Hours	Fee 2 Hours	Profit (Loss)	Fee 2 Hours	Profit (Loss)
Per Game	\$381.00	\$300.00	(\$81.00)	\$287.50	(\$93.50)
Per Team	\$190.50	\$150.00	(\$40.50)	\$143.75	(\$46.75)
Per Player (15 / Team)	\$12.70	\$10.00	(\$2.70)	\$9.58	(\$3.12)
Per Player / Hr.	\$6.35	\$5.00	(\$1.35)	\$4.79	(\$1.56)

The cost per game at the SoccerPlex, is based on a two hour block of time. On an hourly basis the cost is \$150. By comparison, the Olney Boys and Girls Club charges \$225 per game for outside organizations to use their fields for tournament games. The new Covenant Park soccer facility in Columbia, MD charges \$150 per hour for users outside of their club.

Guidelines and Criteria for Permitting SoccerPlex Fields

The Foundation's primary revenue generating asset is the games on its fields. In order to obtain financing, the Lender required the following: a personal guarantee on a portion of the loan and that the Foundation has sole and complete control of its asset in order to maximize revenue to repay the debt.

Prior to Fall 2005, the allocation of games was done proportionally among the eight or nine affiliate soccer clubs, pursuant to a document known as the Fairness Doctrine. This process raised concern from MSF's lender, auditor and major donor because it enabled a single soccer organization to have control of 64% of the allocated games which in turn accounts for 64% of the corresponding MSF field revenue from those games. All parties warned that this degree of market power, if abused, could cause the Foundation a significant loss. MSF was strongly urged therefore to diversify and expand its base of field users.

The MSF Board began to reevaluate the process and criteria for allocating games. The Board wanted to ensure that more soccer teams and players, including those that had not had games in the past, had access to the SoccerPlex in the future. In addition, the State of Maryland contributed significant initial funding for the SoccerPlex with the understanding and expectation that it would be a regional sports facility, the Board directed that soccer organizations outside of Montgomery County be offered the opportunity for games.

In March 2006, the MSF Board adopted the following guiding principles and criteria for permitting SoccerPlex fields:

- a. Preference is given to organizations that support children from Maryland, with a majority of games allocated to Montgomery County children, and specifically those living in the Upper County area.

- b. Diversify income stream by permitting SoccerPlex fields to a broad base of users, thereby supporting MSF's long-range business plan while offering new playing opportunities for a greater number of area soccer clubs and organizations.
- c. Allocate sufficient games to Soccer Association of Montgomery(SAM) in order to (1) create a vital new alternative pathway to the SoccerPlex for County players, (2) develop a new revenue stream for MSF and (3) comply with the terms for receipt of the Hendricks' grants.
- d. Establish fees for use of SoccerPlex fields in order to achieve a sound and stable fiscal position.
- e. Allocate a number of games per season to players and teams who may not have an opportunity to play at the SoccerPlex due to distance or financial condition.
- f. In fairness to all users and in adherence to the best practices of non-profit administration, play opportunities will be provided to organizations that follow established SoccerPlex rules and regulations, honor the terms and conditions of contracts and meet published deadlines.
- g. Games that have been reserved and allocated and then returned by a club to MSF, will be offered pro rata based on the game reservation requests first to clubs whose allocated games for that season are less than their game reservation request for that season. Any remaining available games will be offered on a first come first serve basis to all clubs currently under contract with MSF.

FOR THE 2006 SPRING AND FALL SEASONS

Due to the unforeseen failure to secure County approvals of lease amendments to alleviate capacity constraints in the Spring 2006 season, the game allocation distributed on November 23, which was predicated on APPROVAL OF the lease amendments, shall be revised to reduce game allocations, with preference given to those clubs meeting all MSF reservation deadlines.

Considering the high demand and a shortage of capacity for SoccerPlex games in the Fall 2006, there shall be a cap of 400 games allocated to any one facility user in order to fairly accommodate the reservation requests of all historic users, new users, and the Soccer Association of Montgomery.

Business Plan

In view of the Hendricks grants, the development of the Soccer Association of Montgomery, projected field development and lease amendments, MSF is in the process of developing a new business plan with a ten year proforma that will be shared with the Commission in the next sixty days.

Conclusion

The Maryland Soccer Foundation, in partnership with MNCPPC, has developed and managed the world class Maryland SoccerPlex for five years. Through the generous and committed support of John and Maureen Hendricks and Discovery Communications, the Foundation will be able to stabilize its financial operations, develop additional fields and provide programs for those who have not had access to the SoccerPlex in the past. In addition, the local soccer clubs will be able to enjoy games at the SoccerPlex at significantly reduced fees.

On behalf of the Foundation Board, I urge the Planning Board to support our requested lease amendments. Thank you.

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