

## Draft Contractual Provisions

The City and Shelby have tentatively agreed to the following predicate terms contingent on increasing the size of the Star Bond district to include the area shown on Exhibit "C", the approval of the Secretary of Commerce of the State of Kansas approving the redevelopment project plan for the Heartland Park of Topeka Major Motorsports complex and authorization by the City of the issuance of Star Bonds in an amount equal to the financial obligations set forth in this Agreement including all costs associated therewith. It is estimated that approximately \$4.8M-\$5.5M of Star Bonds will be issued to cover the acquisition and associated costs of issuance and the City obtaining fee simple title to the property. The following represent the core terms of a formal contract to be finalized and approved by the Governing body.

1. Terms of the Lease. The City would agree to lease Heartland Park Topeka to Shelby Inc. for an initial term of 10 years allowing Shelby to renew the lease for 2 consecutive 5-year terms at its sole option. Shelby's renewal option shall be contingent upon use of the raceway as a racing and entertainment venue and that Shelby is not in default on the lease.
2. Rent. Rent for the initial lease term shall be \$300,000.00 for the initial 10 year lease term and shall be paid prior to Shelby taking possession of the raceway and the development land. The rent shall be \$1.00 per year for each renewal term.
3. Right of First Refusal / Purchase. The new lease shall contain a provision that Shelby has a right of first refusal / purchase once the outstanding STAR Bonds are retired.
4. Investment. Shelby shall invest \$5 Million in the initial lease. Significant annual investment of the aforementioned \$5 Million shall be required by the terms of the management agreement verified by an annual independent audit that will be made publically available
5. Performance Obligations. Shelby shall maintain all portions of the track in a commercially acceptable condition within the racing industry. Additionally, the lease shall contain specific performance obligations binding upon Shelby including, but not limited to, default, cure and termination provisions in favor of the City.
6. Property Development. Shelby plans to construct or arrange for construction of commercial buildings to attract a variety of diverse interests which may include:
  - a. Convenience stores;
  - b. Commercial Warehouse Properties;
  - c. Restaurants; and
  - d. Hotels

7. Non-Assumption. Shelby has no obligation to assume any of the debts or obligations of Jayhawk Racing LLC. Additionally, Shelby will not acquire a property interest outside of being a lessee during the term of the lease agreement. Shelby shall not be required to make an investment greater than that described in paragraphs 2 and 4.
8. Prohibition on mortgages, liens and encumbrances. No mortgage, Lien or any other encumbrances will be placed on any of the property associated with Heartland Park without written approval of Shelby and approved by a majority vote of the Governing body of the City of Topeka.
9. Agreement Contingency. The parties acknowledge that these tentative terms are contingent on increasing the size of the Star Bond district to include the area shown on Exhibit "C", the approval of the Secretary of Commerce of the State of Kansas approving the redevelopment project plan for the Heartland Park of Topeka Major Motorsports complex and authorization by the City of the issuance of Star Bonds in an amount equal to the financial obligations set forth in this Agreement including all costs associated therewith and the City obtaining fee simple title to the property.
10. It is estimated that approximately \$4.8M-\$5.5M of Star Bonds will be issued to cover the acquisition and associated costs of issuance.