

SBAL, LLC.
5800 Homerun Dr.
Sparks, NV 89436

February 28, 2014

Tracy L. Domingues
Parks and Recreation Director
City of Sparks Parks and Recreation Department
98 Richards Way
Sparks, NV 89431

Dear Tracy,

Per your request, please accept this letter as SBAL, LLC's request to modify its agreement for Golden Eagle Regional Park Concession Services. (Sparks #A-3762)

On July 13, 2009, the Sparks City Council approved a contract for Golden Eagle Regional Park Concessions. The initial term of the agreement is for five (5) years, with SBAL, LLC granted the option to extend its lease for two (2) option periods of five (5) years each. SBAL, LLC's initial lease term is set to expire in July 2014.

The agreement signed for concession services in the park clearly delineated required responsibilities for the "City" and SBAL, LLC, its "Contractor". In reliance on this agreement, SBAL, LLC invested in excess of \$1,000,000 into renovations at the facility.

Unfortunately, the scope of services provided to SBAL in its agreement, specifically the "exclusive" right to offer food, beverage and catering business throughout the park has not been realized. SBAL has operated in a far different business model than was originally proposed to it by others no longer employed by the City.

Through SBAL's four (4) years of operations at Golden Eagle Regional Park, it has accumulated losses of nearly \$1,000,000 . We cannot continue to operate our business in this manner. While we have consistently increased our sales revenue on a year over year basis, this is clearly a "seasonal" concession services contract contingent on the City of Sparks Parks & Recreation Department activities schedule. It is also a facility that requires its "contractor" to be sensitive to the needs of the City of Sparks Youth Sports Programs.

We have enjoyed doing business with the City of Sparks, specifically with you and your staff. As your concessionaire, we are happy with a majority of our contract and the conditions required of us. However, to enable SBAL, LLC to exercise its option to renew, we must singularly readdress the financial terms of this agreement.

As we discussed with you in our January 9, 2014 meeting, we must modify our monthly base rent structure to \$4,000. We also discussed our willingness to increase our percentage of annual sales from 6% to 8%. Our desire is to move well beyond the inflamed rhetoric that awaited our operational presence within this community, continue to build relationships with stakeholders that use this Regional Park for Recreation, and, to create a sustainable and stable financial situation for both the City and our Company

SBAL, LLC remains ready, at your request, to provide all of its financial records of operation to you or to any assigned City of Sparks representative. Please feel free to contact me with a request for this information. We look forward to having this conversation with you and others.

Sincerely,



Jack Sterling