

MEMORANDUM OF UNDERSTANDING BETWEEN THE CITY OF ROSWELL AND RENO AIR RACING ASSOCIATION

This Memorandum of Understanding (this “MOU”), dated as of Aug. 9, 2024, sets forth certain nonbinding understandings and binding agreements between the City of Roswell, a New Mexico municipal corporation (“City”) and Reno Air Racing Association, a Nevada non-profit corporation (“RARA”).

RECITALS

A. In 2023 RARA issued a request for proposals for the next host of the National Championship Air Races (“NCAR”). Recognizing the tremendous economic, tourism, and charitable benefits to the community, City submitted a proposal and was subsequently named the future host of the Pylon Racing Seminar (“PRS”) and the NCAR beginning in 2025. RARA intends to operate PRS and NCAR (collectively, the “Event”) at and around the Roswell International Air Center (“ROW”), which is owned by and located within the City.

B. The successful operation of the Event will require assistance and support from City, including law enforcement, emergency services, security, sanitation, infrastructure and facility improvement, compliance with FAA and TSA requirements, and an Initial Capital Investment (defined in Section 3.1) to prepare the ROW for the Event. Both parties recognize the challenge of attracting and maintaining the current fan base and so recognize that the Initial Capital Investment will be absorbed by the community or State of New Mexico with no expectation of reimbursement beyond the economic benefits gained from future attendance.

C. The parties acknowledge that RARA will continue to manage and operate the Event with the expectation that its Board will initially add at least two board members from the Roswell community shortly after the execution of this MOU and over time it is anticipated that the Board’s composition will increasingly reflect its new New Mexico home.

In consideration of the foregoing, the parties desire to enter this MOU to enable the parties to work collaboratively to bring the Event to Roswell, New Mexico based upon the following nonbinding understandings and binding agreements:

1. MOU Subject To Definitive Agreement. This MOU is for discussion purposes only and is not intended to constitute a legally binding or enforceable agreement or commitment on either Party, except for Section 3 which shall be binding on the Parties in accordance with its terms.

2. Non-Binding Understandings. This Section 2 sets forth the nonbinding understandings of the parties with respect to the proposed transaction. It is the present intention of the parties that RARA operate the Event at the ROW on terms and conditions substantially similar to those set forth in this Section 2. These terms are based upon information currently available. They do not reflect all of the material terms of the proposed transaction but provide a basis for negotiating the Definitive Agreement (as defined in Section 2.1).

2.1 Definitive Agreement. The parties intend to negotiate a formal written agreement to govern the operation and management of the Event (“Definitive

Agreement”). Binding obligations with respect to the transactions proposed in this Section 2 shall only arise upon the execution of the Definitive Agreement by both parties.

(a) License and Use Period. City shall grant RARA a license (the “License”) to access and use the Premises (defined below) for the operation and management of the Event for a reasonable period of time each year, but no more than thirty (30) days immediately prior to and fourteen (14) days following the FAA Waiver Period for the Event, for the purposes of Event preparation and repair (the “Use Period”). The FAA Waiver Period is the period of time set out in the Waiver Certificate obtained from the FAA. The times and dates for the start and end of the FAA Waiver Period for the Event will be submitted by RARA and agreed upon in writing by City and RARA.

(b) License Fees and Additional Fees. As consideration for City’s consent to the staging, conduct, and operation of the Event at the ROW for the Term under the License, RARA agrees to pay a flat rate equal to \$50,000 per year (“License Fee”). In addition to the License Fee, RARA agrees to pay such additional fees as City and RARA may agree upon for the use of certain buildings during the Use Period.

(c) Building and Land Availability. At least sixty (60) days before each Event, City and RARA will determine the areas in, on, at and about the ROW to be designated for the staging, operating and conducting of the Event, including landside and airside areas (the “Premises”). A preliminary map of the Premises is attached as Exhibit A for discussion purposes only. In determining the areas for inclusion in the Premises, the parties generally agree as follows:

(i) During the Event, RARA shall have a reasonable, nonexclusive right of ingress to and egress from the Premises over and across common areas of the airport (excluding areas designated as restricted by City), for itself and its invitees and licensees.

(ii) All aircraft stored on the Premises must be removed and relocated by no later than March 1, 2025.

(iii) City understands that covered parking is necessary for some race aircraft and agrees to split cost with RARA for temporary tents needed to allow for 40,000 square feet of enclosed parking space for race planes, if that amount of hangar space is not secured specifically for race aircraft parking for both PRS and NCAR.

(iv) For 2025, City will provide Building 1000 at \$194 per day for use of the entire building, inclusive of utilities at RARA’s election. If RARA only needs a portion of the building, rent shall be reduced proportionally.

(v) In addition to the Premises, RARA may arrange directly with other airport tenants for the use of any space leased by those tenants and

required for the Event. City agrees to grant consent to any such arrangements, which consent shall not be unreasonably withheld, conditioned, or delayed.

(vi) City will make available sufficient land outside the airfield for Event parking and other purposes. RARA will pay City \$1 per day for each parking space sold during NCAR. City acknowledges that PRS is a training activity and therefore City agrees that participants, volunteers, and other persons involved in PRS shall be permitted to use parking facilities free of charge.

(vii) City will make all reasonable efforts to facilitate Chalet and several other hangar spaces, presently under lease with the local FBO or other tenants to include hangars 1531 and 1532.

(viii) City will make all reasonable efforts to facilitate the use of PBS affiliate KENM free of charge at Eastern New Mexico University-Roswell ("University") and use of the University facilities for conference areas, classrooms for safety briefings, and coordination for use of cafeteria services. NCAR will work with the University to develop a MOU covering their support and assistance including shuttle services between University and event grounds.

(ix) City shall grant RARA a right of first offer and a right of first negotiation to lease or occupy Building 1083 or a portion thereof upon the expiration or earlier termination of the existing tenant's lease. The rights of first offer and first negotiation shall be triggered when City notifies RARA that the existing tenant is or has vacated Building 1083. City shall not engage in negotiations with prospective tenants without first engaging in good faith negotiations with RARA for a period of sixty (60) days. City will complete necessary maintenance and clean-up of facility prior to leasing/licensing to NCAR.

(d) Event Management.

(i) Except for security/police, auxiliary fire, and certain sanitation services, RARA will manage and coordinate all aspects of the Event on and off the air field. This includes management of all car and RV parking on city property, and all vendor, pit, spectator and sponsor, and seating areas. Any University property will be managed by the University. NCAR will coordinate with Chaves County for utilization of County owned properties.

(ii) RARA will procure, at its sole expense, commercial liability insurance for the Event with limits of \$100 million in liability coverage and naming City as an additional insured. RARA agrees to hold City harmless

for any liability arising out of the Event that is not the result of City's negligence.

(iii) RARA agrees to provide Fast Response Operational Safety Team (FROST) or equivalent fire services at RARA's expense. This is in addition to the City/County provided fire and emergency services.

(iv) City agrees to provide police services, sanitation services (does not include portable restrooms), and auxiliary fire / EMS services, during the Event, subject to annual Governing Body and Lodgers' Tax appropriations. If in any year, the appropriations are inadequate to cover these expenses the City will advise RARA and the parties will agree upon a mutually acceptable solution.

(v) City will make available roll-off dumpsters as reasonably necessary with RARA covering the tipping fees associated with each roll-off. Deposits of refuse at each roll-off shall be the responsibility of RARA. The parties will investigate options for third-party service providers to provide onsite trash collection services during the Event at RARA's expense.

(vi) City will provide, at its sole cost and expense, police, fire / EMS, and sanitation coverage from state and local public bodies (excluding sanitation collection services).

2.2 Marketing and Tourism

(a) Subject to Occupancy Tax Board and Governing Body approval, City commits to funding a marketing campaign of up to \$300,000.00 per year beginning this fiscal year ending June 30, 2025. Future payments will be executed annually.

(b) City commits to support all mutually agreed upon marketing grant requests made to the New Mexico Tourism Board.

(c) RARA agrees to give equitable treatment and benefits to City as it does RARA's largest event sponsor. City acknowledges that (i) NCAR cannot have more than one title sponsor or presenting sponsor and (ii) certain benefits that are exclusive to those sponsorship opportunities cannot be shared.

3. Binding Agreements. This Section 3 shall constitute a legally binding and enforceable agreement between the parties. In consideration of the significant expenses that the parties will incur in pursuing the proposed transaction and drafting and negotiating the Definitive Agreement, the Parties agree as follows:

3.1 Initial Capital Investment. Subject to State allocations and governing body approval, City agrees to contribute, directly or indirectly, no less than Nine Million Dollars (\$9,000,000) ("**Initial Capital Investment**") to fund capital improvements and assets to

prepare the ROW for the Event. City agrees to consult with RARA to prepare a detailed budget for the design, permitting, construction, and other site work necessary for the Event.

3.2 Race Course and Facility Improvements. RARA shall as expeditiously as possible, but no later than 240 days before the first NCAR event (PRS planned for May 2025, therefore October 1, 2024), provide the proposed race course design, pylon locations, and airside spectator and participant areas for regulatory approval and for inclusion in a master event agreement. The parties acknowledge that the FAA will likely require 4 to 6 weeks to review the race course designs and all other plans must be submitted with the accreditation proposal that will not be reviewed or validated by the FAA until PRS in May.

(a) RARA will obtain FAA approval for race course designs. City will obtain TSA approval.

(b) City commits to making necessary facility improvements, up to a value of \$2 million dollars, in consultation with RARA, for FAA and TSA approval of site plans, subject to Governing Body, state, and federal appropriations.

(c) RARA agrees to acquire any land or easements to create the course area on non-municipal property. RARA will then transfer said rights in land to the City for maintenance and preservation. If RARA party is unable to secure said agreements by November 1, 2024, RARA may terminate this MOU or postpone the first Event in Roswell.

(d) If City money is used, RARA shall be responsible for paying or reimbursing City for any reasonable consideration paid by City in exchange for whatever rights, licenses, or easements are needed to create the course on non-municipal property.

(e) City agrees to provide all materials, construction, installation, and maintenance of pylons to RARA's standard specifications.

(f) City agrees to engineer and cut in additional emergency landing strip(s) at or around the ROW which meet RARA and FAA standards within the race course area, location(s) to be determined.

(g) In addition to the emergency landing strips at or around the ROW, City shall secure approval to use the landing strips at or around the Roswell Correctional Center and shall prepare the same for use as additional emergency landing strips.

(h) The parties agree that use of the existing control tower is necessary to conduct the event. The approval of a separate MOU between RARA and the FAA shall be a condition precedent to RARA's obligations hereunder.

(i) City shall construct a ramp staging area for RARA activities between Taxiway C and closed runway 12/30, approximately 3,200 feet long and 100 feet wide, commencing from the north end of the north/south segment of

Taxiway C and running parallel with Runway 17/35 until it intersects with closed runway 12/30, as depicted on Exhibit B (the “Ramp Staging Area”).

(j) City shall install approximately seventy (70) tie downs to be used with steel cabling for race aircraft parking during the Event. The final number and locations shall be confirmed by RARA. The tie downs may be installed during ramp renovation or after paving projects are complete, but in either case no later than 30 days before PRS commences. City also grants RARA permission to make whatever modifications to the grounds as may be necessary to conduct the event, including but not limited to use of anchors or stakes driven into the ramp to secure large tents.

(k) City shall not allow any construction at or around the ROW that would interfere with RARA’s ability to conduct and operate the Event. Without limiting the foregoing, City agrees that no buildings will be constructed within the race course footprint (including safety radius).

3.3 Parking and Spectator Areas. RARA will propose NCAR landside locations for City’s concurrence for car and RV parking, spectator and sponsor areas and entrances in addition to any improvements necessary to provide general aviation parking for no less than 400 aircraft no later than 270 days before the first NCAR event, therefore December 15, 2024). A MOU covering transient aircraft parking, aircraft fueling pricing and other FBO required support services will be developed directly with AvFlight, the onsite FBO.

(a) Up to a value of \$3.5 million dollars, in coordination with RARA, City will procure, construct, and maintain bleachers for use at NCAR events. These bleachers are anticipated to seat approximately 10,000 individuals. It is recognized that bleachers will be capitalized over time through the Definitive Agreement. City will make bleachers ready for use no later than September 1, 2025.

(b) Up to a value of \$5.5 million dollars, City will fully clear designated areas of dirt and vegetation on the ramp and prepare additional surface treatment as required for the public areas of the event, including but not limited to areas designated for vendors, exhibitors, temporary seating, aircraft displays and pit parking. City may treat portions of the public areas with chip seal to limit costs, provided that a slurry seal is added the following year. The Ramp Staging Area will be treated using asphalt rated to withstand a minimum of 50,000 pounds. The pedestrian entrance walkway will be treated using asphalt, though the rating does not need to be as high.

(c) City shall flatten the shooting range berm halfway off Rwy 35.

(d) Over the next five years, subject to federal and state funding, City commits to seek all necessary funding for the expansion of its passenger terminal in anticipation of increased demand of commercial service for the Event.

(e) RARA and City are committed to establishing appropriate shuttle services and Trams from parking and RV locations to the flight line as necessary for both PRS and NCAR.

(f) The City will facilitate the coordination with Chaves County to provide equipment and labor for facility improvements necessary to be completed prior to PRS and NCAR scheduled events in May and September.

3.4 **Term.** The event will have an initial term of three (3) years ("Initial Term") during which the parties will aggressively support the successful relaunch of the National Championship Air Races. This term shall also be reflected in the Definitive Agreement. If, during the Initial Term, the Event is unprofitable for three consecutive years, RARA shall have the right to relocate the event and to cancel the Definitive Agreement, which will become null and void with no penalty payments by or to either party. Upon the expiration of the Initial Term, the term of the Definitive Agreement shall automatically extend for a period of five years ("Term"). Thereafter, the Term of the Agreement shall automatically renew for successive five-year periods unless terminated by RARA or the City, or extended, in each case, pursuant to the terms and conditions of the Definitive Agreement.

3.5 **Confidentiality.** During the term of this MOU, either party (as the "Disclosing Party") may disclose or make available to the other party (as the "Receiving Party") information about its business affairs, products/services, confidential intellectual property, trade secrets, third-party confidential information and other sensitive or proprietary information, whether orally or in written, electronic or other form or media, and whether or not marked, designated or otherwise identified as "confidential" (collectively, "Confidential Information").

(a) The Receiving Party shall: (i) protect and safeguard the confidentiality of the Disclosing Party's Confidential Information with at least the same degree of care as the Receiving Party would protect its own Confidential Information, but in no event with less than a commercially reasonable degree of care; (ii) not use the Disclosing Party's Confidential Information, or permit it to be accessed or used, for any purpose other than to exercise its rights or perform its obligations under this MOU; and (iii) not disclose any such Confidential Information to any person or entity, except to the Receiving Party's representatives who need to know the Confidential Information to assist the Receiving Party, or act on its behalf, to exercise its rights or perform its obligations under this MOU. The Receiving Party shall be responsible for any breach of this Section 3.4 caused by any of its representatives.

(b) Within seven (7) days following the mutual execution of this MOU by both parties, RARA shall make available for inspection by City the following Confidential Information:

(i) Five (5) years' of financials (i.e. balance sheet and income statements); and

- (ii) A proposed budget for 2025.

3.6 Term and Termination. The rights and obligations of the parties contained in this MOU shall expire upon the execution of the Definitive Agreement. If the parties have not executed a Definitive Agreement within one hundred eighty (180) days from the date of this MOU, then either party shall be entitled to terminate this agreement without any obligation or liability to the other party, provided however that Sections 3.3, 3.4, 3.5 and 3.6 shall survive such termination.

3.7 Miscellaneous.

(a) RARA will comply with all applicable New Mexico federal, state, and local laws.

(b) All final annual funding is subject to governing body approval and the Bateman Act, NMSA 1978, §§ 6-6-11 and 6-6-13 to 6-6-18.

(c) This MOU may be executed in multiple parts, each of which shall be deemed to be an original, but all of which together shall constitute one agreement.

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IN WITNESS WHEREOF, the parties hereto have executed this MOU as of the date set forth above.

Reno Air Racing Association

See signatures pg 11

By: Frederick W. Telling

Title: Chairman and CEO

City of Roswell

See signatures pg 11

By: The Honorable Tim Jennings

Title: Mayor, City of Roswell

**EXHIBIT A
EVENT PREMISES**

**[NTD: MAP CURRENTLY UNDER DEVELOPMENT, EXHIBIT TO BE ATTACHED AT A
LATER DATE]**

EXHIBIT B
RAMP STAGING AREA



Signature: Fred Telling
Fred Telling (Aug 9, 2024 11:12 EDT)
Email: fred.telling@gmail.com

Signature: Timoth Z. Jennings
Timoth Z. Jennings (Aug 9, 2024 15:39 MDT)
Email: mayortimjennings@roswell-nm.gov