

OPERATING AGREEMENT

This operating Agreement is entered into by and between The School Board of Sarasota County, Florida, (The "School Board") and Circus Sarasota Inc., a Florida not-for-profit corporation for the purpose of providing ongoing instruction and performance opportunities for students of the Sarasota County School District and others to participate in Circus related activities, the parties agree as follows:

1. The mission of Circus Sarasota is to pay homage to an extraordinary community legacy by broadening the artistic contribution of the Circus to education and human service outreach programming. It fulfills its mission by training, instructing and educating performers and enriching educated and entertaining its audiences to performances.

The mission of the Sailor Circus is to provide students of the Sarasota County School District and others with instruction, training, skills and education in circus related activities and to present an annual series of performances in order for the students to demonstrate their skills.

Circus Sarasota is dedicated to and will uphold the historical integrity of the Sailor Circus and continue its operation in perpetuity.

The parties agree that the Sailor Circus would best be served by having it be operated, managed and controlled by Circus Sarasota, Inc..

The parties have entered into a separate Lease Agreement the terms of which are set forth therein.

2. Circus Sarasota Inc. agrees to operate the Sailor Circus and thereby provide Sailor Circus instruction and performance opportunities for a minimum of 90 students of the Sarasota County School District per school year. In addition to these students, the parties agree that Circus Sarasota Inc. may make the same instructional and performance activities available to other students from the community. Circus Sarasota, Inc. will insure that the Sailor Circus students have a minimum of 16 public performances each school year.

3. Circus Sarasota Inc. will be solely responsible for the recruitment of students, and the management, staffing, supervision, operation, and maintenance of the Sailor Circus, its programs, and facilities.

In fulfilling the responsibilities of the foregoing paragraphs, Circus Sarasota will maintain separate financial accounts and statements of the income and expenses of Sailor Circus including monies received from grants, ticket sales, advertising, concessions and the like.

Circus Sarasota, Inc. shall assume all existing liabilities of the Police Athletic League of Sarasota County, Inc. arising from the operation of the Sailor Circus including, without limitation, liabilities relating to pre-paid ticket sales, Ticketreturn, LLC obligations, pre-paid after school program registrations and existing arena rentals/contracts.

4. To the east of the property being leased to Circus Sarasota Inc. there exists a parking lot owned, controlled, and used by the School Board. The School Board grants Circus Sarasota Inc. a license to use this parking lot, solely for parking vehicles, after 5 p.m. on weekdays and on weekends, including school holidays, with the exception of evenings or days on which Sarasota High School has a home football game. Nothing in this Agreement is intended to restrict the School Board's ability to close, modify, or reconfigure this parking lot at any time.

5. Circus Sarasota shall indemnify and hold the School Board harmless from and against any and all liability and costs arising from injury to persons or property occasioned wholly or in part by any act or omission of Circus Sarasota Inc., its employees, invitees and all other persons whom Circus Sarasota Inc. permits in, on or about the leasehold premises, except to the extent that such liability and costs result from the direct negligence of School Board, its agents, employees, subcontractors, or invitees. Circus Sarasota Inc. shall defend any and all actions, suits or proceedings which may be brought against School Board, or in which the School Board may be impleaded or joined with others as a result of Circus Sarasota Inc. occupancy of the leasehold premises, and shall satisfy, pay and discharge any and all such judgments, orders and decrees that may be recovered against Circus Sarasota Inc. or School Board, in any such action or proceedings. This provision shall survive termination or expiration of this Agreement. The Police Athletic League of Sarasota County, Inc. shall be deemed to be an intended third party beneficiary to this Operating Agreement.

6. During the term of this Agreement, Circus Sarasota Inc. shall maintain public liability insurance coverage in at least the amount of One Million Dollars (\$1,000,000) with the School Board listed as an additional name insured. As evidence of such insurance coverage, Circus Sarasota Inc. shall annually furnish the School Board with a Certificate of Insurance prior to commencement of this Agreement and annually thereafter. Nothing herein is intended to waive the School Board's right of sovereign immunity or the provisions of Section 768.28, Florida Statutes.

7. The parties understand that Circus Sarasota Inc. will initiate a capital campaign with the intention of raising funds to pay for current facilities improvements in order of priority, air conditioning, dressing and changing facilities and new administrative offices. All such facility improvements must comply with all relevant, current building codes. The School Board shall have the right to review all preliminary and final plans and budgets for the construction of new improvements or the demolition or alteration of current improvements. Prior to construction of any new improvements or demolition or

alteration of any current facilities, Circus Sarasota Inc. must secure the written consent of the School Board.

8. Circus Sarasota Inc. shall have the right while this Agreement is in effect to use the circus facilities for any lawful use and to retain the income derived there from including gate receipts, concession revenues, and rental fees. It is the intention of Circus Sarasota, Inc. to provide training and circus related activities to international students and adults as such times as the facilities are not required for Sailor Circus activities. The parties understand that it is Circus Sarasota Inc.'s intention to offer the facilities for rent to the public for events. The School Board agrees that alcoholic beverages may be served on the premises in conformity with law.

9. This agreement may be terminated by the School Board in the event that Circus Sarasota Inc. should be in breach of this Agreement or its lease Agreement with the School Board or if Circus Sarasota Inc. should cease to operate the Sailor Circus for a period of more than one hundred (120) twenty days. In the event of termination or expiration of this Agreement, this Agreement shall be cancelled, the Lease Agreement for the Sailor Circus facility shall be cancelled, and all assets previously transferred by the Police Athletic League to Circus Sarasota, Inc. shall revert to School Board ownership. In event of termination or cancellation, Circus Sarasota, Inc. agrees to execute any necessary document to effectuate this transfer.

10. As stated in its "Termination of Lease and Operating Agreement" with the School Board, the Police Athletic League of Sarasota County, Inc., which has been operating Sailor Circus since January, 2004, has agreed to transfer ownership of tangible circus related equipment, fixtures, costumes and the like which have been acquired by it during its term of operation. Also, as specifically delineated in the "Termination of Lease and Operating Agreement," PAL has also agreed to transfer \$58,828.63 of Capital Campaign funds, \$54,500 in Operating funds and a custom built server valued at \$1,500.

11. The parties agree that it is not their intent to form a joint venture to run the Sailor Circus and that it is Circus Sarasota Inc. that will have all the operational control over the Sailor Circus activities.

12. Any additions, changes, deletions or modifications to this Agreement must be agreed upon in writing by both parties.

13. This Agreement shall be construed for all purposes under the laws of the State of Florida. If any provision of this agreement is declared void, such provision shall be deemed served, so that all of the remaining terms and conditions of this Agreement shall otherwise remain in full force and effect. The sole and exclusive venue for any action shall be in the Twelfth Judicial Circuit court in and for Sarasota County.

14. Neither party may assign or transfer any interest in this Agreement without written consent of the other party.

15. Any notice given or required to be given pursuant to this Agreement shall be hand delivered or mailed, first class postage prepaid, as follows:

To the School Board:
The School Board of Sarasota County, Florida
Attention: Superintendent of Schools
1960 Landings Boulevard
Sarasota, FL 34231

To Circus Sarasota, Inc.:
2075 Bahia Vista Street
Sarasota, FL 34239

16. The term of this Agreement shall be for forty-two (42) years commencing October 5, 2011, unless earlier terminated as provided herein. Should the Lease Agreement be extended pursuant to its terms, the term of this Agreement shall be extended an identical amount of time. Any termination of the Lease Agreement is also a termination of this Agreement.

In Witness Whereof, this Agreement has been executed by the parties hereto.

THE SCHOOL BOARD OF
SARASOTA COUNTY, FLORIDA

CIRCUS SARASOTA, INC.

By: _____
Frank Kovach, Chair

By: _____
Pedro Reis, CEO

Date: _____

Date: _____

Agreed to by:

THE SARASOTA SAILOR CIRCUS FOUNDATION

By: _____
Jim Massing, President

Date: _____