

# **2015 NATIONAL SPORTS LAW** **NEGOTIATION COMPETITION**

## **ROUND ONE**

### *“Bulls and Dolls”*

#### **GENERAL FACTS FOR BOTH TEAMS**

Roller Derby is a fun, fast-paced sport that traces its roots all the way back to the 1930s. Created in 1935 by Chicago promoter Leo Seltzer, roller derby joins basketball as the only two sports to be created from scratch by an American.

A roller derby match (or “bout”) is composed of two teams of five players each: four blockers (one, called the “pivot”, wears a striped helmet cover) and one jammer. Points are scored when a jammer breaks through the pack, races ahead to rejoin the back of the pack, then attempts to jam through once again, scoring a point for each opponent passed. The sport comes in two distinct flavors: flat-track leagues set up on a flat surface, and bank-track leagues that have skaters rush around a built spherical slope allowing for greater speed and harder contact.

At its peak in the early 1970s, the sport was played to sold-out crowds at stadiums across the U.S. including the Oakland Coliseum, Chicago’s Comiskey Park and Madison Square Garden. While the sport has waned in popularity over the decades, it experienced resurgence in the early 2000s with the establishment of the Texas Rollergirls. Since that time, Roller Derby has taken on new life, with over 450 flat-track roller derby leagues all over the world, numerous bank-track leagues in major cities, and was under consideration for the 2020 Summer Olympics.

Over time, the sport transformed into a form of sports entertainment dominated by all-female teams known for colorful uniforms (known as “boutfits”) and skater names which range from the threatening (e.g. “Lady Shatterly”) to the simply witty and mildly infringing (e.g. “Bunz Bunny”). While modern roller derby leagues have abandoned previous use of scripted bouts and predetermined winners, the flashy showmanship and hard-hitting action remain, making the sport a thrilling and unpredictable event that must be seen in person to be truly understood.

While the sport has become highly popular in recent years, it remains a niche activity, surviving entirely on the backs of volunteers with a strong “do it yourself” work ethic. The leagues also rely heavily on sponsorship revenue from partner companies, who are in turn allowed the opportunity to advertise their wares during bouts

## The Parties

### *Los Angeles Derby Dolls*

Founded in 2003, the Los Angeles (L.A.) Derby Dolls (“Dolls” or “Derby Dolls”) are a premiere, banked-track roller derby league that hosts bouts every weekend during summer months. The entirely volunteer-run league consists of five teams, four regular teams, and one all-star team that competes around the country. In addition to fielding competition teams, the league offers a junior league for female athletes aged 7-17, co-ed and women’s only skating-based fitness programs and training camps.

The L.A. Derby Dolls are considered a local treasure because of their flashy and exciting gameplay, their record of success, and their devotion to the community. The Dolls participate in and host numerous fundraisers and events to raise awareness and financial support in a variety of areas, including community health and children’s services.

In their heyday, the Dolls were featured in a variety of different media outlets. In 2009 alone, the Dolls were featured on *Oprah*, NBC’s *Kath & Kim*, *Carson Daly*, *Good Morning America* and G4’s *Attack of the Show*; the Dolls were also heavily involved in the production and promotion of the 2009 film *Whip It*, a movie about roller derby directed by Drew Barrymore and starring, Barrymore, Ellen Page, and Kristen Wiig.

However, running a small professional sports league is often expensive. Roller derby has its own unique expenses, which makes balancing the Dolls’ budget an annual challenge. Due to the unique size specifications, parking needs, and funding requirements finding an appropriate building to rent that comes with the necessary liability insurance for 90 female athletes over a full season of high-contact sports can be difficult.

While the Dolls currently have a number of local sponsorships, they are always open to discussions about new potential sponsorship or partnership relationships and actively solicit sponsorships from various companies. While they advertise five pre-set partnership packages ranging from \$5,000 to \$100,000 per season on their website, they have found success working with larger contributors to customize a partnership package that specifically meets the potential partner’s individual needs.

Unlike flat-track leagues, which require only a flat surface, the Derby Dolls operate a bank-track roller derby league, which requires setting-up a “bank” track around the arena floor for the athletes to skate upon. Generally, the Dolls have had success renting out vacant warehouses for each event and retrofitting them to their specific needs. However, due to the unusual nature of the Dolls use of the facilities, they often have trouble convincing leaseholders to let them use each facility for more than a few matches at a time. Because of this, the team has often had to switch venues as often as every few weeks.

From 2007 to 2014, the Dolls operated out of a 55,000 square foot warehouse in Historic Filipinotown, located close to the Silver Lake, Echo Park and downtown areas of Los Angeles. Called “The Doll Factory,” this one-time ice cream factory was rebuilt, at great expense to the Dolls’ specifications, and featured VIP and general admission seating for up to 1,700 fans, flat and banked tracks, a 125-capacity party room, a “Doll Mall” (team store), and a music stage.

Unfortunately, due to redevelopment, the Doll Factory was demolished in late 2014 and the Dolls were forced to scramble to find a new home for 2015. After a long search, an organizational restructuring, and a successful crowdfunding campaign, the Dolls settled on a 31,000 square foot facility in Alhambra, near California State University-Los Angeles. This facility has thus far proved adequate for the 2015 summer season, but due to its smaller size and year-to-year lease, it is not ideal, nor a long-term solution.

### *Red Bull® Energy Drink*

Launched in 1987, Red Bull remains a leader in the beverage and sports industries. In 1988, Red Bull sponsored its first athletic event and the next year sponsored its first athlete. Since that time, Red Bull’s partnership and sponsorship portfolio has expanded to include music studios, sports teams, and athletes in major league and extreme sports.

In addition to its exciting portfolio of athletes and artists, Red Bull is committed to giving back through its charity, “Wings for Life.” Wings for Life was co-founded by Dietrich Mateschitz, the founder of Red Bull. Wings for Life is focused on funding research to cure spinal column injuries. Wings for Life hosts a variety of sports-based fundraising events including the “Wings for Life World Run,” an innovative worldwide race.

Particularly when it comes to action sports, Red Bull believes its competitors merely dabble in the concept of sport sponsorship. Instead of focusing on the major sports, saturated with big budget marketing teams and exclusivity contracts, Red Bull’s marketing team has always sought out leagues and events that are not as popular so they can get in on the ground floor, be cost-effective, and work to reshape the sport using Red Bull’s action-based image and brand.

In doing so, it has become a major player in bringing out a variety of different underground sports and sporting events onto the public scene. Red Bull is one of the few recognizable and omnipresent sponsors at most extreme sports events. The company takes great pride in being the only mainstream sponsor at various E-sports events such as Red Bull Training Grounds, a competition featuring the computer game *Starcraft II*.

As part of its commitment to its snow sports athletes, in 2011 Red Bull built a private skiing and snowboarding park at Squaw Valley Ski Resort near Lake Tahoe. After this facility proved to be a great success both in athletes’ performance as well as in recruiting, Red Bull built a number of different training facilities all over the country for a variety of different sports.

Last month, Red Bull finished completion of a state-of-the art training facility and events venue in Los Angeles County specifically for its X-Sports athletes. The nine-acre campus in the City of Industry features three repurposed 44,000 square foot warehouses, each designed to fit a concrete bowl, vert wall, bauer box, rails, spine, pyramid, hips, ramps, steps, and bench for skateboarding. The campus also features a gymnasium and a full-service fitness center.

### **The Negotiation<sup>1,2</sup>**

Seeing an opportunity to solve their facility problems once and for all, the Derby Dolls approached Red Bull about the possibility of renting one of the three buildings in the City of Industry for the Dolls' long-term use. Seeing an opportunity to potentially raise its sponsorship portfolio, Red Bull responded by offering the facility as part of a new long-term relationship between the two parties. The two sides agreed to send their legal representatives today to discuss the terms.

The Derby Dolls team has been given full authorization to be creative and find a mutually beneficial agreement with Red Bull. By the same token, Red Bull's team has been given the authority to agree to any solution that will advance the company's interests.

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<sup>1</sup> *All facts regarding a potential partnership between the Derby Dolls and Red Bull are fictional. The purpose of this fact pattern is an educational exercise and it is not intended to be a real-life commentary of current events.*

<sup>2</sup> *Note: The use of a calculator is permitted for this round.*

## **CONFIDENTIAL FACTS FOR THE LOS ANGELES DERBY DOLLS**

Since they lost The Doll Factory last year, the Derby Dolls organization has been in flux. While the Dolls' more seasoned members and volunteers remember having to move around from facility to facility from 2003 to 2007, the Dolls had hoped their move to the Factory would be their last. But nothing lasts forever in real estate, and the news that the Factory would be repurposed for a new development complex was unfortunate, but not unexpected.

While the Dolls' new Alhambra home (the "Warehouse") fits the bill for the time being, it is a short-term fix. The Warehouse is significantly smaller than the Factory, which gives the Dolls less room to install popular features like the Doll Mall and music stages. Furthermore, the Dolls' coffers are beginning to run dry because the Alhambra warehouse is significantly more expensive than the Factory due to its proximity to California State University, Los Angeles. The Dolls' accountant has estimated that the Dolls will have a \$100,000 shortfall each year they stay in the Alhambra warehouse. The Dolls are able to pay for the rest of the 2015 season, but the 2016 season is in doubt without a cheaper facility or significant sponsorship funding.

Fortunately, the Dolls do have options. A few weeks before their initial conversation with Red Bull, the Dolls were approached by Coca-Cola® through its POWERADE® sports marketing division about a potential three-year partnership deal beginning with the 2016 season. Stating that it was looking to branch out to the roller derby market for the first time, Coca-Cola offered the Dolls a partnership deal allowing them to either remain at the Alhambra facility or to look for a better venue.

However, the Powerade deal comes with numerous restrictions and requests that make many senior members of the team uncomfortable. Along with the normal incentives associated with their top-level sponsorship package, Coca-Cola would like to have all of the female athletes wear a large Powerade logo on the front of their jersey for all bouts and media appearances. Coca-Cola is also insistent on a comprehensive exclusivity clause that, depending on the package the Dolls choose, would prevent the Dolls from partnering with any other sports drink/beverage company or allowing any sale, sampling, or advertising of any other sports drink/beverage brand. Coca-Cola offered \$125,000 per year for Powerade to be the exclusive sports drink of the Dolls, or \$175,000 to be the exclusive beverage of the Dolls.

The Dolls have expressed concern that partnering so heavily with a large corporation like Coca-Cola would make them look like "sell-outs," risking alienation of fans and the counter-culture they have worked hard to cultivate. At the same time, senior members acknowledge they may not have much of a choice if they cannot find a better option.

With that in mind, when Red Bull finished its new facility this year, the Dolls saw a great opportunity. While Red Bull is owned by a large corporation, its efforts to bring non-mainstream extreme sports into the public eye through funding and cross-marketing efforts

intrigue the Dolls. As a result, the Dolls were thrilled when Red Bull responded so enthusiastically to their initial contact.

While Red Bull's request to expand the conversation beyond a simple tenancy agreement came as a surprise, the Derby Dolls are cautiously optimistic about the prospect of working with Red Bull. The Dolls recognize the opportunities presented by such an established organization, but they want to make sure that if they enter into a relationship with Red Bull, Red Bull will understand and respect what makes them so appealing to their fans. To that end, the Dolls need Red Bull's clarification on certain aspects of this negotiation in order to build the right deal.

More generally, so long as your doing so will not interfere with your client's priorities, the Dolls hope you will be both creative in thinking of other steps Red Bull can take to advance the Dolls' interests, and in securing Red Bull's agreement to take those steps. The Dolls' leadership team is leaving the negotiation to your discretion, and will agree to anything that is in the organization's best interests.

### **Tenancy Terms**

Looking to expand their options while making a facility rental economically feasible, the Dolls came up with the idea of simply renting a facility for "bout" days instead of having a dedicated facility for the entire year. While moving equipment back and forth to a nearby storage unit every week will be stressful, and not being able to practice the normal four times a week on bout weeks may hurt the overall product, the Dolls' members and volunteers have given their approval to the idea. After meeting with the team accountant, the Dolls have determined they can spend no more than \$100,000 per year in rent for such a "rent-a-day" facility.

The Dolls need a facility in a good neighborhood with parking, security, and the opportunity for public assemblage for events. Red Bull's facility meets all of these requirements. The fact that the facility is owned by Red Bull – an organization that seems to understand and reflect itself in the Dolls' counter-culture image and values – is just icing on the cake.

However, before the Dolls will agree to any deal with Red Bull – partnership or otherwise – they want to make sure their tenancy of the Red Bull facility will include use of other key features. Ideally, Red Bull would be able to provide an area on campus where the Dolls can store the rink and the rest of their game day set-up, or let the Dolls keep their set-up on the gym floor during the season. The current iteration of the bank-track rink was designed to be portable by savvy Dolls volunteers in order to allow the Dolls to also host flat-track bouts in the more compact Alhambra facility and to allow the league to easily move when necessary. Along with the various costs associated with storing and transporting the materials every week between bouts, being able to keep the fixtures somewhere on campus (or even better, in the warehouse) would allow the Dolls to avoid the roughly \$1,000 per month cost of the necessary storage units.

Red Bull initially gave the Dolls a quote of \$600 per hour for use of the facility. The Dolls are looking to use the facility for twenty (20) home game dates, from 1:00 p.m. to 11:00 p.m. As meeting this price would be challenging, the Dolls are hoping Red Bull will come down on this price in exchange of a longer-term lease or a more comprehensive partnership. In a perfect world, the Dolls would love to be able to make separate deals with both Coca-Cola and Red Bull to allow for additional flexibility.

The additional money Coca-Cola would be able to provide, and some accommodation on Red Bull's part, would allow the Dolls to be more flexible. If the Dolls are able to do both deals, they would look instead to rent the facility from 2:00 p.m. to 11:00 p.m. on bout days and 1:00 p.m. to 7:00 p.m. the day before, allowing for practice and rink-installment time. However, the Dolls know having two beverage companies under one roof creates a unique situation. While the Dolls would love to be able to work with both companies, they want to ensure there is no potential liability for breach in either potential partnership agreement.

The Dolls understand Red Bull will likely be concerned about liability insurance. Roller derby – especially bank-track roller derby – is a high contact and arguably dangerous sport that can lead to a lot of injuries for its amateur and professional participants. The Dolls would like to reassure Red Bull that they have budgeted for liability insurance as well, and are experienced enough in this matter to obtain the necessary coverage. The Dolls will also agree to indemnify and hold Red Bull harmless from any injuries suffered during play if Red Bull requires this type of clause in the contract.

### **Partnership and Branding Issues**

A full-season partnership on the scale of Red Bull's could provide a financial boon for the Dolls' organization. Furthermore, a Red Bull partnership could help legitimize a sport most people do not even know exists. However, the Derby Dolls have prided themselves as fiercely independent with a strong counter-culture taste. On the other hand, particularly where corporate branding is involved, the money and access of a Red Bull package would bring media exposure and coverage to their fans.

Although the Dolls understand they cannot necessarily have it both ways, they are striving for a long-term relationship with Red Bull that gives them what they need while keeping their independent spirit. If both of these goals can be reached, the Dolls would be more willing to be flexible on other terms Red Bull might like to see included and to allow for a longer-term deal, preferably about three-years to start with.

On the other hand, if Red Bull does not give the Dolls enough in the deal, or if Red Bull is looking for a relationship that aligns the Dolls uncomfortably close to Red Bull's brand, the Dolls would be less receptive to a partnership-type deal. Specifically, the Dolls will look to limit both the deal's duration and to the focus on the facility versus a sponsorship.

### ***Partnership Rights Packages***

According to their printed partnership materials, the Dolls' sponsorship package for a seasonal contribution of \$50,000 to \$99,999.99, automatically includes the following items: three on-site banner signs to be placed either around the rink or around the facility, a slide-show advertisement, a full color program advertisement, the ability for the partner to donate their product or service as a raffle prize, eight VIP or sixteen general admission tickets, a premiere location vendor booth with on-site sampling, the opportunity to provide printed inserts in event-oriented materials, an in-venue promo spot, and naming rights to one bout. The Dolls will also provide logo rights, access to the team for personal appearances, and recognition of the sponsor in community outreach efforts. A contribution of more than \$100,000 includes an additional banner sign, two additional VIP or four additional general admission tickets, the naming rights to a second bout, a scoreboard logo, and the naming right to a section or area of the venue.

While the Dolls generally prefer to stick to their preset partnership packages for smaller partners, they pride themselves on being flexible to accommodate partners who go above and beyond for the Dolls. Given that Red Bull would be allowing them use of a facility and presumably giving them a steep discount on the facility's rent, the Dolls are more than happy to accommodate Red Bull's needs so long as they do not compromise their counter-culture values.

In particular, the Dolls are hopeful to avoid giving up any logos on the athletes' jerseys, as a major part of the roller derby culture is allowing individual teams to express themselves through unique and colorful uniforms. Furthermore, Coca-Cola has already requested a uniform sponsorship, and while the Dolls are hoping to negotiate with Coca-Cola on this point, they want to remain open to the possibility. Instead, the Dolls are willing to give Red Bull the ability to put a logo on the athletes' helmets if Red Bull is willing to provide more than \$140,000, but only if it is necessary to making a deal.

### ***Exclusivity***

The Dolls have always been hesitant to give any kind of exclusivity in any partnership deal. As a small organization with a consistently small budget, they do not want to limit their potential options. While they know sponsors love to call themselves the "exclusive" sponsor of a particular organization, the potential harm caused by limiting potential sponsorships generally does not outweigh the amount sponsors are willing to provide for this honor.

Given what Coca-Cola has offered, the Dolls have calculated the value of exclusivity at \$175,000. However, if Red Bull's contribution is substantial and gives the Dolls the freedom Coca-Cola is unwilling to provide, the Dolls are willing to make an exception and give Red Bull exclusive rights as the official energy drink sponsor of the team.

But if it is possible, the Dolls are hoping to find a way that they can structure this clause in a way that would allow them to partner with both Red Bull and Coca-Cola on some level. Ideally, they would like to achieve this without "selling out" too much to either side.

## CONFIDENTIAL FACTS FOR RED BULL

Red Bull has worked hard to build a strong reputation as an innovative brand that knows how to work with athletes to both enhance its brand and build the athlete. Since its inception in 1987, Red Bull has sought relationships with exciting athletes outside the major four American sports (football, baseball, basketball, and hockey), seeking endorsees from sports like cliff diving, F1 racing, single-man dare devil-type events, and roller derby.

In 2009 and 2010, Red Bull sponsored several successful roller derby events. While it has not sponsored any events since then, Red Bull feels the sport's high-contact action and competitive spirit is directly in-line with its brand image. Given the success of their previous event sponsorships on the roller scene, Red Bull is interested in resuming its involvement with the sport, hopefully at a greater scale with regard to previous relationships.

While Red Bull knows the Derby Dolls are primarily interested in its Industry City campus facility space, it sees this as an opportunity to get back into roller derby in a big way. Red Bull is willing to be flexible in meeting the specific needs of the Derby Dolls; it is primarily interested in affecting the sport as a whole and wishes to use the Derby Dolls as an example for the rest of the roller derby industry.

Regardless of whether Red Bull acts as a partner to the Dolls or merely as a landlord, any agreement brought back to Red Bull's Board of Directors and Marketing Department should account for these interests and should be consistent with Red Bull's company philosophy and brand image.

More generally, so long as your doing so will not interfere with their other priorities, Red Bull hopes you will be creative both in thinking of other steps the Dolls can take to advance the interests of Red Bull, and in securing the Dolls agreement to take those steps. Red Bull's sports marketing team is leaving the negotiation to your discretion, and will agree to anything that is in their best interests.

### **Tenancy Terms**

Originally, Red Bull planned on keeping the Industry City facility closed to the public, like its Squaw Valley facility. Like the Squaw Valley facility, the Industry City campus would be open only to Red Bull partner-athletes and for Red Bull sanctioned events.

However, even if the deal is merely for tenancy of the facility, Red Bull sees the Derby Dolls' interest in using one of the warehouses as an unexpected opportunity to use its resources to push its brand to a whole new audience. When Red Bull originally planned the campus, it envisioned

two of the three warehouses holding permanent skating fixtures with the final warehouse remaining open for rotating events with portable fixtures.

However, Red Bull has not found a steady rotation of sports that have consistently needed this extra space. Red Bull was already considering its options for renting out or selling the third warehouse when it was approached by the Derby Dolls. While the idea of using the space for roller derby was unexpected by the facility's building team, they acknowledge that it is a near-perfect use of the space and adds an unanticipated source of revenue.

According to internal calculations, Red Bull has priced the third warehouse space at \$600 per hour for private use. This would include the exclusive use of the warehouse, the surrounding areas, and use of one of the campus's 2,500-space parking garages. The Dolls have indicated to Red Bull that they foresee using the space for twenty (20) dates throughout their summer season from 1:00 p.m. to 11:00 p.m. on bout days.

Even if Red Bull is merely acting as the Dolls' landlord, Red Bull sees the Dolls tenancy as either an opportunity to promote its product or a potential threat to their brand during Derby Doll home games. While the facility team has painted large Red Bull logos on the north and south walls inside the building, Red Bull would also like the ability to hang branding signage around the rink and have vendor space to sell Red Bull product.

### *Specific Tenancy Contract Terms*

First, the Dolls will be responsible for paying all liability insurance, and they must remove the track, equipment, and other fixtures from the premises when not using the facility. No on-site storage space can or will be provided.

Second, Red Bull insists its painted logos on the walls of the facility will not be covered during Derby Dolls bouts. If the logos are covered, Red Bull insists on retaining the right to void the tenancy contract.

Finally, Red Bull would like to restrict signage and vendor presence from competing energy drink products and brands. Preferably, this restriction would extend to all non-alcoholic beverages, and should cover as many competitors or potential competitors as possible.

If the Dolls are unwilling to enter into a partnership but are willing to commit to leasing the warehouse for at least a full season, Red Bull is willing to discount the hourly rate by up to \$50 per hour. If the Dolls will agree to a one-season lease and partnership deal, Red Bull is willing to further discount the rate by up to \$100 per hour. If the Dolls are willing to accept some but not all of these terms, Red Bull is still willing to discount the rate, but to a lesser extent, depending on how willing the Dolls are to be flexible in light of Red Bull's particular interests.

## **Partnership**

Red Bull's experience with sports sponsorship has grown substantially over the years to the point where executives have begun to joke about operating solely as a sports marketing firm instead of actually making energy drinks. A trip to RedBull.com supports this; the entire homepage highlights the different action sports it is involved in and only a small link at the top of the page directs to a separate website promoting its energy drink product lines. Red Bull believes passionately about the marketing part of its company and believes it to be a vital distinguishing factor between it and its competitors.

Red Bull executives would like to use its facility space to entice a favorable long-term partnership plan with the Dolls. Hopefully, this partnership will be beneficial for both sides and give Red Bull the market exposure and reputation to expand to other major roller derby leagues around the United States.

If Red Bull moves forward with a Derby Dolls partnership, it will require the deal to be on its terms. While Red Bull is not looking for the Dolls to change their name or any of their branding like many other Red Bull partners have done, Red Bull is looking for a comprehensive sponsorship package. This should include branding rights and a certain measure of sponsorship exclusivity that reflects the commitment Red Bull is making to the Dolls.

In return, Red Bull is willing to give the Dolls a special tenancy rate of \$300 per hour for use of the facility and expand the Dolls' allotted use to include a locker room, the fitness center, and use of the warehouse during the week at certain times for practices to be negotiated at a later date. Red Bull will also consider allowing the Dolls to leave the bank-track rink installed in the warehouse throughout the summer season, but only if the Dolls have the means and flexibility to be able to clear the facility and move their equipment offsite if Red Bull leases or otherwise needs to use the space while the Dolls are not using it.

Red Bull is also willing to give the Dolls up to \$50,000 in cash per year in order to secure an agreement. However, they would prefer to keep compensation limited to the discounted rent if possible.

### ***Branding Rights***

In general, Red Bull's sponsorship deals have included three main branding components: branded signage around the playing area, a regular booth outside the arena to promote and sell their product(s), and a logo on the league's website. Red Bull will insist on three items if a deal is to move forward. The Red Bull logos painted inside the building do not count as part of this arrangement.

Additionally, Red Bull is also looking to have the Dolls place Red Bull branding on the athletes' uniforms for all games (home and away) and promotional appearances. Preferably, Red Bull would have authority over which logo to use, and the logo would be large and in the center of the

jersey. If this is not feasible, Red Bull would settle for a logo on each side of the athletes' helmets, so long as no competitor is allowed space anywhere else on the Dolls' uniforms.

### *Exclusivity*

Red Bull has worked hard to build a strong reputation as the energy drink brand most associated with extreme sports. However, Red Bull's primary competitors – namely Monster Energy®, 5-Hour ENERGY®, and ROCKST★R Energy Drink – have recently worked to copy Red Bull's marketing strategies to a certain extent. Similarly to what they have done with their other sports partners and properties, Red Bull would like to ensure that they have exclusivity with the Dolls so that people are aware that Red Bull is the exclusive energy drink partner of the Los Angeles Derby Dolls.

If a partnership is agreed upon, Red Bull would insist on an exclusivity arrangement that is applied to all arena signage, jersey branding, vendors, and website advertisements. Preferably, this exclusivity would extend to all non-alcoholic beverages, and should cover as many competitors or potential competitors as possible.

### *Term*

Since this is an entirely new arrangement with a property that has lots of potential value but limited widespread popularity, Red Bull would like to limit the risk wherever possible. However, Red Bull feels that a short term agreement is not the only way to accomplish this; in fact they would prefer a longer agreement, preferably in the range of three to four years. They feel that showing a commitment to the Dolls will allow both parties to thrive.

In order to minimize risk, Red Bull would like to see an opt-out clause in the agreement after one and two years in case the partnership does not work as well as expected. In exchange, Red Bull is willing to offer the Dolls the ability to keep their tenancy at the Red Bull campus through the remainder of the partnership term at the tenancy rate of \$500 per hour. After all, Red Bull sees significant value to merely having the Dolls at their facility and feels it would be a major setback to both organizations to kick the Dolls out, even if a partnership with the Dolls does not work out as planned.