

SPONSORSHIP AGREEMENT

THIS SPONSORSHIP AGREEMENT (“Agreement”) is made on _____, 2010

BETWEEN KENTUCKY HIGH SCHOOL ATHLETIC ASSOCIATION, having an address of 2280 Executive Drive, Lexington, KY 40505-4808 (“KHSAA”);

AND LICENSING RESOURCE GROUP, LLC, a Delaware limited liability company whose principal place of business is located at 442 Century Lane, Suite 100, Holland, Michigan 49423 U.S.A. (“LRG”).

The words “party” or “parties” refer only to a named party to this Agreement.

INTRODUCTION

- A.** LRG has partnered with the National Federation of State High School Associations (“NFHS”) in an effort to capture revenue from manufacturers which currently are producing Merchandise (as defined below) by charging a royalty and returning a portion of the royalty revenue to KHSAA member-schools and the KHSAA. The effort to capture royalty revenue as described in this paragraph A will be referred to as the “Program.”
- B.** LRG desires to obtain the KHSAA’s exclusive endorsement and approval as a KHSAA corporate partner and as the sole agency in the State of Kentucky authorized to commercialize, manufacture and market Merchandise.
- C.** The KHSAA desires to accept LRG as a corporate partner and exclusively endorse LRG as KHSAA’s partner to commercialize, manufacture and market Merchandise.

IT IS AGREED as follows:

1. DEFINITIONS

- 1.1 “Indicia” means any and all trademarks, service marks, word marks, logographics, designs, symbols and other indicia owned by or associated with KHSAA member-schools.
- 1.2 “Merchandise” means any product which bears or incorporates one or more Indicia along with the NFHS hang-tag or sticker.
- 1.3 “Annual Revenue” means all collected royalty revenue resulting from the sale of Merchandise during the period of January 1 to December 31 in any year of this Agreement.

2. ACCEPTANCE

- 2.1 The KHSAA accepts LRG as a corporate partner and agrees to exclusively endorse LRG to its member-schools as the sole agency in the State of Kentucky approved by the KHSAA to commercialize, manufacture and market Merchandise utilizing third-party vendors.
- 2.2 LRG accepts KHSAA’s endorsement and approval as a KHSAA corporate partner and as the sole agency in the State of Kentucky approved by the KHSAA to commercialize, manufacture and market Merchandise utilizing third-party vendors.

2.3 The KHSAA agrees not to retain the services of any other person, persons, agency or firm to represent it to commercialize the Indicia or to license, sublicense and/or sell Merchandise.

3. TERM

This Agreement will begin on the date first written above and will expire on the 30th day of June _____, 20____ (“Initial Term”). After the expiration of the Initial Term, this Agreement will automatically be extended from year-to-year on the same terms and conditions, unless either the KHSAA or LRG gives written notice of termination at least ninety (90) days prior to the beginning of any such additional year.

4. LRG’S DUTIES AND OBLIGATIONS

4.1 LRG will use its best efforts during the term of this Agreement to find and conclude business arrangements with third-party vendors which are advantageous to the KHSAA and its member-schools.

4.2 LRG will require third-party vendors to meet quality control standards in the manufacture of Merchandise.

4.3 LRG will require all third-party vendors to indemnify the KHSAA and its member-schools as further defined in paragraph 7.3 of this Agreement.

4.4 LRG will require each third-party vendor to maintain general commercial liability insurance sufficient to cover foreseeable product liability claims.

5. THE KHSAA’S DUTIES AND OBLIGATIONS

5.1 KHSAA member-schools must choose to opt-in to the Program to have their Indicia commercialized in a manner as described in this Agreement. The KHSAA will notify LRG within thirty (30) days upon receipt of affirmative participation in the Program by a KHSAA member-school and provide the name of the member-school electing to participate. Any KHSAA member-school electing to participate will be listed on **Schedule A** which will be updated from time to time.

5.2 The KHSAA will cooperate with LRG to notify all KHSAA member-schools of the Program and its benefits and encourage its member-schools to participate by signing an agreement with LRG to opt-in to the Program. The parties will work together to coordinate communication with KHSAA member-schools through electronic and print publications, email, seminars and summits.

6. PAYMENTS

6.1 During the term of this Agreement, via a single check, LRG will pay to the KHSAA seven (7%) percent of all Annual Revenue received by LRG within sixty (60) days following the end of any Annual Revenue collection period.

6.2 Via check, LRG will pay each KHSAA member-school an amount equal to a pro rata share of fifty (50%) percent of the Annual Revenue received by LRG in proportion to the amount of Merchandise sold bearing each KHSAA member-schools’ respective Indicia.

7. WARRANTIES AND INDEMNIFICATION

- 7.1 LRG agrees to defend, indemnify and hold the KHSAA, its member-schools that opted into the Program and both the KHSAA's and member-schools' shareholders, directors, officers, employees and agents harmless from and against any and all claims, liabilities, judgments, penalties and taxes, civil and criminal, and all costs and expenses (including, without limitation, reasonable attorney's fees) incurred in connection with any breach of the LRG's warranties or this Agreement.
- 7.2 The KHSAA agrees to defend, indemnify and hold LRG, its shareholders, directors, officers, employees and agents harmless from and against any and all claims, liabilities, judgments, penalties and taxes, civil and criminal, and all costs and expenses (including, without limitation, reasonable attorney's fees) incurred in connection with any breach of the KHSAA's warranties or this Agreement.
- 7.3 LRG will require all third-party vendors to indemnify and hold harmless the KHSAA, its member-schools that opted into the Program, and both the KHSAA's and member-schools' officers, employees, and agents from all liability caused by or arising from workmanship, material or design of any Merchandise manufactured or sold as a result of a license granted pursuant to this Agreement.

8. TERMINATION

After the expiration or termination of this Agreement, all rights granted to LRG shall immediately revert to the KHSAA.

9. NOTICES

All notices or other communications required or desired to be sent to either party shall be in writing and sent by registered or certified mail, postage prepaid, return receipt requested, facsimile or by overnight express delivery, charges prepaid to the addresses first set forth above. Either party may change their address by providing notice to the other party.

10. APPLICABLE LAW

This Agreement will be governed by the laws of the State of Kentucky and any claims arising out of this Agreement will be prosecuted in the appropriate court of Kentucky or in the United States District Court in Kentucky having jurisdiction and venue.

11. RELATIONSHIP OF THE PARTIES

This Agreement does not create a legal partnership or joint venture between the KHSAA and LRG, and LRG will have no power or obligation to bind the KHSAA in any manner other than as defined in this Agreement. This Agreement does not create a legal partnership, joint venture, agency, or other relationship between the KHSAA and the member-schools that opt in to the Program. The relationship between the KHSAA and those member-schools is contractual, and the provisions of services to member-schools pursuant to this Agreement is an additional contractual benefit of membership.

12. WAIVER

No waiver by the KHSAA, its member-schools or LRG of a breach or a default of this Agreement will be deemed a waiver by said party of a subsequent breach or default of a like or similar nature.

13. SURVIVAL OF RIGHTS

Notwithstanding anything to the contrary in this Agreement, any obligations which remain executory after the expiration of the term of this Agreement will remain in full force and effect until discharged by performance and any such rights will remain in force until their expiration.

14. CONSTRUCTION

Each party has participated in the negotiation and preparation of this Agreement and has been represented by counsel of its choosing. There shall be no presumption that any ambiguities in this Agreement be construed against any particular party.

15. INTEGRATION

This Agreement represents the entire understanding between the parties with respect to the subject matter, and this Agreement supersedes all previous representations, understandings or agreements, oral or written, between the parties with respect to the subject matter and cannot be modified except by a written instrument signed by the parties. All attached schedules are incorporated by reference to this Agreement.

[Remainder of page intentionally left blank – signature page follows]

By their execution below, the parties have agreed to all of the terms and conditions of this Agreement.

KENTUCKY HIGH SCHOOL ATHLETIC ASSOCIATION

Signed: _____ Signed: _____

Name: _____ Name: _____

(please print)

(please print)

Title: _____ Title: _____

LICENSING RESOURCE GROUP, LLC

By: _____

Lewis Hardy

Its: President and Chief Executive Officer

SCHEDULE A

List of KHSAA member-schools which have opted-in to the Program