

AFFILIATION AGREEMENT BETWEEN USA WRESTLING
AND

THIS AFFILIATION AGREEMENT ("Agreement") is entered into and effective as of the 1 st day of April, 19996, by and between The United States of America Wrestling Association, Inc., a Colorado nonprofit corporation, d/b/a USA Wrestling ("USAW"), and USA/ Texas Wrestling Association ("Affiliate Organization").

A. USAW is the recognized national governing body for the sport of amateur wrestling in the United States in accordance with the Amateur Sports Act of 1978, 36 U.S.C. Section 371, et seq., (the "Act"). As such, USAW prescribes rules and standards for competition in the sport; conducts, sponsors or sanctions certain national and international championships, competitions and exhibitions; sanctions certain local and regional events; provides financial and administrative assistance, training and other services and support to amateur wrestlers in the United States; and educates and informs the American public concerning the sport.

B. USAW is a member of the United States Olympic Committee ("USOC") and as such has responsibility for developing and selecting a wrestling team to represent the United States in the Summer Olympic and Pan-American Games. USAW is also a member of the Fédération Internationale de Lutte Associées ("FILA") and in such a capacity selects the United States participants in international competitions, including the United States Wrestling Team.

C. USAW seeks implementation of its goals and objectives on a state and local level. The Affiliate Organization is composed of persons who desire to formalize their association with USAW and to further the goals and objectives of USAW, and to assist USAW in the development, conduct and promotion of the sport.

D. For the purposes of accomplishing the foregoing, the Affiliate Organization desires to enter into this Agreement, to formalize its affiliation with USAW, to establish the legal basis for the relationship between USAW and the Affiliate Organization and to describe their respective rights, duties and obligations in connection therewith.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, USAW and the Affiliate Organization agree as follows:

ARTICLE 1
Objectives of USAW

1.1 The primary goal and objective of USAW, as the national governing body for the sport of amateur wrestling in the United States, is to responsibly advocate, promote, coordinate and provide opportunities for amateur wrestlers to achieve their full athletic potential.

1.2 The responsibilities and duties of USAW for the purposes hereinabove stated are set forth in the Act. USAW is required under the Act to be a not-for-profit corporation having as its purpose the advancement of amateur athletic competition. In connection therewith, USAW has obtained tax-exempt status under the provisions of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended (the "Code"), and agrees to maintain such tax-exempt status. In furtherance thereof, USAW seeks to fulfill, implement and administer such responsibilities, duties, goals and objectives on a national basis through the recognition of state associations such as the Affiliate Organization.

1.3 USAW's Bylaws contemplate that, on a local basis, USAW shall conduct its affairs through recognized state associations which are formed to foster the purposes and carry out the programs of USAW on such basis. For these purposes, USAW's Bylaws prescribe the procedure by which USAW shall recognize state associations and the general obligations, duties and requirements imposed upon state associations such as the Affiliate Organization. This Agreement is entered into in furtherance of such bylaw provisions in order to implement such provisions with more specificity. Notwithstanding, in the event of an inconsistency or conflict between the provisions of this Agreement and such bylaws, the provisions of this Agreement shall control.

1.4 In furtherance of the foregoing, USAW will cooperate with and support the activities of the Affiliate Organization in fulfilling its duties and responsibilities to foster and carry out the programs of USAW in the state identified in Section 2.1 hereof.

This support will include, but not be limited to, providing membership processing and computer services, information and guidance in structuring programs for volunteer development and information regarding how to organize as a non-profit corporation and under applicable provisions of Section 501(c) of the Code.

ARTICLE 2
Affiliation

2.1 USAW hereby recognizes the Affiliate Organization as an affiliate of USAW for the purposes of being USAW's exclusive state association in the State of TEXAS (the "State").

2.2 The Affiliate Organization and USAW each agree that they will abide by this Agreement and now become subject to all provisions hereof.

2.3 The Affiliate Organization agrees to be subject to, be bound by and to observe all applicable provisions of the governing documents, rules, policies and procedures of USAW, including, but not limited to, the Constitution, Bylaws, membership and sanctioning rules and regulations of USAW as approved by USAW's Board of Directors.

2.4 This Agreement and the rights, duties and obligations of the Affiliate Organization hereunder shall in no manner constitute a delegation of USAW's governance of the sport of amateur wrestling in the United States as the national governing body for amateur wrestling, nor of USAW's responsibility for determining and controlling all matters central to such governance and control, within the meaning of the Act. The Affiliate Organization shall not have any right, authority, responsibility or jurisdiction for or in respect of USAW's national programs or the sanctioning of international amateur athletic competitions, as such terms are defined or used in the Act.

2.5 Except for activities undertaken by the Affiliate Organization which are directly in furtherance of its duties and obligations under this Agreement or with the express authorization of USAW, the Affiliate Organization shall not have the right, power or authority to represent USAW or to enter into agreements on USAW's behalf which bind or obligate USAW to perform or undertake certain duties or to assume any obligations or responsibilities.

ARTICLE 3

Affiliate Organization's Duties and Responsibilities

3.1 The Affiliate Organization, by reason of the relationship established under the terms of this Agreement, shall be the recognized state association of USAW within the State, operating within the framework of USAW's national policies and guidelines.

3.2 The Affiliate Organization shall serve as a liaison between USAW and its chartered clubs and individual members in the State.

3.3 The mission and purpose of the Affiliate Organization is to responsibly provide opportunities for individual participants, teams and clubs in the sport, development and achievement in the sport, and to promote the sport at every level within the State in order to further advance the mission, goals and objectives of USAW.

3.4 The Affiliate Organization shall be obligated, at all times during the term of this Agreement, and the Affiliate Organization hereby agrees, to undertake the following general duties and obligations:

3.4.1 Seek to increase membership in USAW at each age group level.

3.4.2 Plan, coordinate and execute competitive wrestling opportunities for all levels of competitive members and, in connection therewith, to develop and implement appropriate procedures for the conduct of events, including as pertains to athlete participation and safety.

3.4.3 Provide developmental programs in Freestyle and Greco-Roman wrestling.

3.4.4 Seek to increase the number of wrestling opportunities available for interested athletes in the State.

3.4.5 Provide for the education of coaches, mat officials and pairing officials.

3.4.6 Promote club development at each competition level.

3.4.7 Develop lines of communication between USAW and the various colleges and public schools with wrestling programs in the State.

3.4.8 Create and implement programs to develop volunteer leaders to carry out the business of the Affiliate Organization in the State.

3.5 The Affiliate Organization understands and agrees that the organization, structure, policy and operation of the Affiliate Organization will at all times be required to comply with the following minimum governing principles:

3.5.1 The Affiliate Organization shall be organized and exist, and to conduct its business, as a non-profit corporation and under applicable provisions of Section 501(c) of the Code. The Affiliate Organization shall obtain and maintain its own employer identification number for federal and state tax purposes. The Affiliate Organization agrees to submit all information and to cause all filings to be made in order to maintain its nonprofit corporate and tax-exempt status, including the submission of necessary information and documentation to USAW, if and as necessary. USAW will, to the extent reasonable and appropriate, cooperate with and assist the Affiliate Organization in organizing as a non-profit corporation and obtaining its own tax-exempt status, or shall take all necessary steps to cause the Affiliate Organization to be included in a group exemption with USAW and other of its state associations, if so desired by the Affiliate Organization and permissible without jeopardizing USAW's tax exempt status.

3.5.2 The Affiliate Organization will prepare, adopt and maintain a constitution and bylaws which govern the Affiliate Organization and which in no manner will conflict with the Constitution and Bylaws of USAW or the USOC, or which will be in contravention of the Act.

3.5.3 All members of the Affiliate Organization, as a condition of membership in good standing in the Affiliate Organization, shall also be required to be members in good standing in USAW. The Affiliate Organization will develop in coordination with USAW a procedure to expedite the processing of memberships and

payment of membership funds to the national office of USAW in order to validate memberships and insurance coverages. The Affiliate Organization will annually complete a year-end membership card audit conducted under conditions established by USAW.

3.5.4 Each member and/or administrative unit of the Affiliate Organization shall be entitled to one (1) vote in the process adopted by the Affiliate Organization for the election of its governing body.

3.5.5 The governance of the Affiliate Organization shall be vested in a Board of Directors composed of a number of representatives, as determined by the Affiliate Organization, selected through a democratic election process, and the officers of the Affiliate Organization, selected by the members or the elected representatives, shall include no less than a president, vice president, secretary and treasurer.

3.5.6 Any action(s) or policy(s) adopted by the Board of Directors or the officers of the Affiliate Organization will be reported to its membership, or their duly authorized representatives, at least once each year at a meeting called for such purpose, with notice of such meeting being given to all members of the Affiliate Organization no less than ten (10) days in advance of the holding of the meeting, which meeting shall be open to any and all members of the Affiliate Organization.

3.5.7 The Affiliate Organization shall maintain financial accounts separate from the personal accounts of any individuals associated with the Affiliate Organization and will prepare year-end financial statements, auditable at the request and sole expense of USAW, to be presented at the annual meeting of the Affiliate Organization.

3.5.8 The Affiliate Organization will develop and conduct its operations in accordance with an annual budget, which USAW shall have the right to review prior to being adopted by the Affiliate Organization. The Affiliate Organization will not alter its financial structure in any manner so as to unreasonably or arbitrarily increase the annual financial burden on any of its members for expenses incurred by or in the operation of the Affiliate Organization. These provisions are not intended to afford USAW the ability to establish or dictate the annual budget or financial activity of the Affiliate Organization.

3.5.9 The Affiliate Organization shall publish and distribute to its members or their duly authorized representatives, copies of its constitution, bylaws and other governing documents, and all amendments thereto. Copies shall also be available upon request.

3.5.10 The governing documents of the Affiliate Organization will include procedures for dealing with resolution of conflicts, disputes and grievances within the Affiliate Organization and involving its members, including, but not limited to, grievance procedures, appeal procedures, due process requirements and an obligation and process to ultimately submit matters to the dispute resolution and binding arbitration process set forth in the Act.

3.6 The Affiliate Organization shall submit a copy of its constitution and bylaws (including any amendments thereto), minutes of annual and special meetings of its members, directors and officers, year-end financial statements and annual tax returns, written policies, and other documents as requested by USAW. USAW shall do the same upon the request of the Affiliate Organization.

3.7 The Affiliate Organization shall designate and continue to maintain a person in the position of liaison with USAW's national office and shall designate its official representatives to regional and national meetings and conventions of USAW.

3.8 The Affiliate Organization shall regularly report to and communicate with USAW as to the development and administration of its programs and activities as contemplated by this Agreement.

ARTICLE 4 Competitions and Sanctions

4.1 The Affiliate Organization shall be required to apply to and obtain the sanction of USAW for the conduct of any and all amateur athletic competitions, as such term is defined in the Act ("Competitions"), planned and to be conducted by the Affiliate Organization. The Affiliate Organization must use the USAW sanctioning process exclusively and must submit all requests for sanctioning of Competitions on USAW-approved forms.

4.2 Unless USAW expressly agrees in writing to conduct or operate any Competitions sponsored by the Affiliate Organization, it is understood and agreed that, notwithstanding the sanctioning of Competitions by USAW, any such Competitions will be conducted by and under the control and direction of the Affiliate Organization utilizing its own employees, volunteers and agents. By sanctioning Competitions, USAW does not assume responsibility or liability for the conduct of any such Competitions or the actions or inactions of any persons involved therewith, other than as may result from benefits expressly afforded to the Affiliate Organization by reason of the issuance of a sanction.

4.3 Unless expressly permitted by USAW in connection with its sanctioning of Competitions or as otherwise by written permission, the Affiliate Organization is not authorized or permitted to use the name, logo, emblem, trademark or other identification of USAW in connection with any of its activities or to indicate any sponsorship support or relationship with USAW or any sponsor of USAW, except to identify the Affiliate Organization as an affiliated and recognized state association of USAW.

4.4 The Affiliate Organization agrees to establish and adopt reasonable rules and regulations governing eligibility for its members to participate in Competitions conducted by the Affiliate Organization which lead to regional and national tournaments and Competitions sponsored and/or sanctioned by USAW, including the establishment and collection of reasonable fees from participants for such events; provided, however, that any eligibility rules and criteria established by the Affiliate Organization shall be consistent with and no more restrictive than eligibility criteria relating to amateur status which have been adopted by USAW.

ARTICLE 5 Insurance

5.1 As a recognized state association of USAW, the Affiliate Organization will be included within the applicable insurance coverages of USAW for the activities of the Affiliate Organization which are in furtherance of its duties and obligations under this Agreement, including by reason of USAW sanctioning any Competitions conducted by the Affiliate Organization. Such insurance will be in an amount determined by the USAW Board of Directors and will be evidenced by the Affiliate Organization being

included as an additional insured on USAW's insurance policy or policies. USA will provide the affiliate organization with evidence of the foregoing, as well as notice of any lapse of the subject insurance.

5.2 To the extent that any of the activities in which the Affiliate Organization engages are beyond the scope of the permitted duties and responsibilities of the Affiliate Organization as prescribed by this Agreement, the Affiliate Organization agrees to purchase and maintain general commercial liability and health and accident insurance covering such activities and to name USAW as an additional insured under the terms of such insurance policies. The Affiliate Organization shall provide evidence to USAW of the foregoing, as well as notice of any lapses of the subject insurance.

ARTICLE 6

Performance Review; Probation; Renewal or Revocation of Affiliation

6.1 On or before the second anniversary date of this Agreement (and approximately every two (2) years thereafter), USAW shall review and evaluate the nature and extent to which the Affiliate Organization's performance of its duties and obligations under this Agreement has or has not been satisfactory. This review shall be undertaken by the Executive Director of USAW or by any other person or committee which may be appointed by the Executive Director or the USAW Board of Directors for such purpose.

6.2 In the event such review indicates satisfactory performance by the Affiliate Organization, this Agreement shall continue in force unless and until subsequently terminated in accordance with the provisions of Section 6.3 of this Agreement.

6.3 In the event that the Affiliate Organization shall materially breach any one (1) or more of the terms and conditions contained in this Agreement or it shall be determined based upon the performance review referred in Section 6.1 that the Affiliate Organization has failed to satisfactorily perform its duties and responsibilities as referred to herein, then USAW shall have the right, upon the giving of sixty (60) days prior written notice to the Affiliate Organization, to place the Affiliate Organization on probation. The Affiliate Organization shall be entitled to receive from USAW an itemization of the basis upon which probationary

status has been proposed and the terms and conditions of probation. During this sixty (60) day period, the Affiliate Organization and the USAW Executive Director shall cooperate with and assist one another in an attempt to abate and correct the problems or identified issues. If after said period of sixty (60) days the identified issues or problems have not been rectified to the satisfaction of the USAW Executive Director, the Affiliate Organization may immediately be placed on probation and will be notified of such action in writing.

6.4 Coincident with the Affiliate Organization being placed on probation, the Committee on State Organizations as addressed in USAW's Bylaws Article 9.1.8, will be charged with the responsibility for determining a method to resolve existing problems. Such committee shall meet as necessary during the probationary period and shall report back its findings to the respective organizations. During the probationary period, USAW's Executive Director shall also monitor the Affiliate Organization's performance pursuant to this Agreement. At the end of the probationary period, it shall be within the sole discretion of USAW's Board of Directors as to whether to rescind the probation or to revoke the affiliation and terminate this Agreement.

6.5 In the event this Agreement is terminated or the affiliation revoked by USAW, the Affiliate Organization shall have no further right, power or authority to act as an affiliate or state association of USAW and shall immediately cease any activities in furtherance thereof, recognizing and agreeing that USAW shall have the sole right to create and designate an affiliation with a new state association for the purposes of carrying out its activities in the State.

ARTICLE 7 Indemnification

7.1 The Affiliate Organization shall indemnify, defend and hold harmless USAW and its members, directors, officers, committee members, employees and agents, and their respective beneficiaries, successors and assigns, from and against any and all liabilities, losses, claims, damages, judgments, fines, penalties, actions or causes of actions, costs and expenses (including court costs and reasonable attorney and other professional fees) sustained or incurred by any of the foregoing indemnified parties in connection with, caused by or arising out of any activity,