

ATTACHMENT A

Key terms of the Management Agreement

1. Term

The term of the Management Agreement is 10 years.

2. Management Fee

The City will pay to PIEP (Polar Ice Enterprises Pasadena) a Base Management Fee of \$150,000 for the operation and management of the ice rink facility. The Management fee consists of Base Management fee, and an annual adjustments up or down based on financial performance. If the operator does not generate the gross revenue approved in the annual budget the fee is reduced. The reduction will be the percentage difference between actual gross revenues and budget approved gross revenues. The minimum management fee is \$110,000.

The Base Management fee may be increased if the operator exceeds the projected gross revenue approved in the annual budget. The maximum base management fee is capped at \$180,000. The minimum base fee and the maximum management fee shall be increased annually by the percentage change in the Consumer Price Index.

3. Naming Rights and Participation in Gross Sponsorship Revenue

The Los Angeles Kings, through a license agreement, are willing to grant to PIEP the rights to use the Kings trademark, service marks and other proprietary rights as it relates to managing the Pasadena ice rink facility. In exchange, PIEP would grant to the Los Angeles Kings the exclusive rights to sell naming rights, advertising, and sponsorship sales. The income from naming rights, advertising and sponsorship sales shall be included in the calculation of actual gross revenue. The pro forma estimates the annual net revenue to be \$150,000. PIEP will pay the Los Angeles Kings a commission on the sale of sponsorship and naming rights in amount of 20% of the first \$200,000 for Gross Sponsorship Revenue and 50% of Gross Sponsorship in excess of \$200,000.

4. Public Benefit

PIEP will provide a public benefit program including but not limited to making the facility available to Pasadena Unified School District and other local area schools, Pasadena City College, and local non-profits organizations serving the Pasadena community to maximize participation in ice programs by persons unable to afford them. The public benefit

program is valued at approximately \$138,000 annually. This cost has already been factored into the financial analysis.

5. Local Hiring Program

PIEP has agreed to recruit Pasadena residents and the employees who are currently working at the Pasadena Ice Skating Center for any positions available at this new facility.

6. Marketing Program

PIEP shall submit a marketing plan to the City annually. The media and techniques that will be employed as part of the marketing plan include print (newspapers, magazines, programs etc.), direct mail, advertising at the new facility, radio and Cable TV. The Los Angeles King will also provide promotional opportunities through the Los Angeles Kings Hockey Club at the Staple Center. This effort is included in the financial analysis at an annual cost of \$100,000.

7. Community Outreach

PIEP will provide a community outreach program which will provide information about priority for local residents and promote opportunities to participate in Facility activities to limited income Pasadena households and other local residents who might otherwise have access to the Facility. Sample outreach will include of printed material through Pasadena community organizations, neighborhood schools and associations, City community centers and libraries, resource directories. PIEP also intends to provide printed material through direct mail to appropriate individuals and groups.

8. Annual Budget Review

PIEP will submit an annual operating budget to the Finance Director on March 1st of each year for the term of the Management Agreement. The budget will be subject to City review and City Council approval, consistent with the City's operating and capital budget processes and timetable. Key terms of the Management Agreement