

Summary of Proposed Milwaukee Civic Partnership Initiative Contract Terms

Marketing Consultant: The Superlative Group, Inc.
Proposed Date to Commence Engagement: (appr.) October 1, 2013

I. Overview

The proposed Milwaukee Civic Partnership Initiative (“MCPI”) Agreement between The Superlative Group, Inc. (“Consultant”) and the City of Milwaukee is in two phases. In Phase I, the Consultant will value potential City marketing, advertising, sponsorship, pouring rights, naming rights, licensing, or other strategic third-party partnership assets. In Phase II, the Consultant will solicit, negotiate, and propose agreements regarding those assets for consideration and possible approval by the MCPI Committee and Common Council.

II. Phase I

The Consultant will perform a valuation of all City marketing, advertising, sponsorship, pouring rights, naming rights, licensing, or other strategic third-party partnership assets that could, in the Consultant’s best business judgment, generate maximal revenue for the City.

A. Term: Phase I shall be completed within 90 days from the date of execution of the Agreement.

B. Cost: City will pay Consultant \$40,000 in two installments: \$20,000 upon execution of Agreement and \$20,000 at the completion of Phase I.

C. Consultant’s Duties and Obligations

- At the conclusion of Phase I, provide a report including a detailed description of each potential asset or group of assets, a specific fair market value estimate for each asset/group of assets, a detailed explanation of the basis for the fair market value estimate and/or methodology used to estimate the fair market value, revenue projections, and a timeline for potential negotiation and execution of agreements relating to each asset/group of assets.
- At the conclusion of Phase I, present Phase I report to the MCPI Committee and Common Council.
- During Phase I, conference and consult with the MCPI Committee, Common Council, and other city officials.
- Prior to the conclusion of Phase I, provide recommended comprehensive advertising policy and model agreements based upon industry best practices.

D. City's Rights

- The City has the right to exclude from or add to the list of assets to be valued in Phase I prior to commencement of Phase II. Such assets must be specified in writing.
- At the conclusion of Phase I and after receiving the Phase I report from Consultant, the Common Council, with the benefit of a recommendation from the MCPI Committee, will determine whether the City shall engage Consultant for Phase II. The City has the absolute right to terminate the Agreement at the end of Phase I without further monetary obligation to Consultant other than the agreed-upon \$40,000 payment for Phase I.

III. Phase II

The Consultant will monetize assets identified and valued during Phase I valuation by proposing and negotiating contracts with third parties, subject to final contract approval by the Common Council with the benefit of recommendations from the MCPI Committee.

New MCPI contracts or agreements shall have a term of no longer than 25 years. Renewal contracts or agreements shall have a term of no longer than 15 years.

- A. Term: Phase II shall be completed within 5 years** from the date of Common Council approval to proceed with Phase II. The term may be extended in writing by agreement of both the City and Consultant.
- B. Cost: The Consultant shall be paid a fixed monthly retainer, as well as commissions (and limited reimbursement for actual expenses) as follows.**

COMMISSION PAYMENTS SHALL BE REDUCED (i.e., OFFSET) BY RETAINER COSTS + THE \$40,000 PHASE I COST

1. Commission

- For new contracts, commission = 15% of the fair market value of asset or cash/consideration paid to City.
- For contract renewals, commission = 10% of the fair market value of assets or cash or cash/consideration paid to City.
- Commissions shall be reduced by paid retainer expenses + \$40,000 cost of Phase I.

2. Retainer

- \$7,500 per month for the first four months of Phase II.

- \$5,000 per month for the subsequent 14 months.
- Total retainer = \$100,000.
- Paid retainer costs shall reduce commission payments.

3. Expenses

- The City shall also reimburse actual travel and lodging expenses for Phase II according to specific limitations and documentation requirements.

C. Consultant's Duties and Obligations

- Identify potential MCPI third-party partners, promote and solicit MCPI partnerships, develop promotional and sales materials, meet with potential partners by phone and in-person, and draft and negotiate asset agreements or other contracts to maximize City revenue.
- For a proposed agreement where payment to the City is non-cash consideration, detail the methodology and quantitative estimate of fair market value ("FMV") of the non-cash consideration to be paid to the City or relevant City asset.
- Present agreements and contracts to Common Council and MCPI Committee.
- Provide periodic updates to Common Council and MCPI Committee, as well as other informal meetings with City officials as necessary or reasonable.
- The Consultant shall act at all times as a fiduciary to the City.

D. City's Rights

- All contracts developed, negotiated, and finalized by Consultant in Phase II must be approved by the Common Council with the benefit of a recommendation from the MCPI Committee. The Council and/or MCPI may reject any proposed contract for any reason.
- The City has the absolute right to terminate the Agreement for any reason at any time during Phase II, but would remain responsible for any commissions earned by Consultant prior to termination.