



AMERICAN BANK CENTER
MANAGEMENT AGREEMENT

Background

- 2003 – SMG begins management of the American Bank Center
- 2009 – City and SMG agree to a 5 year management agreement
- 2012 – City issued an RFP for Management Services of the American Bank Center; SMG submitted the only response

The Deal

Term

- 5 years
- First three years guaranteed
- Final Two years, City option to terminate

The Deal (Cont.)

Grant

- \$250,000 from SMG to the City
- In the event of early termination, City would owe SMG the unamortized amount of the grant

The Deal (Cont.)

Base Management Fee

- \$125,000 for Facility and Food & Beverage Management
- Subject to annual CPI increases

The Deal (Cont.)

Incentive Fee

- Up to the amount of the base management fee
- The incentive fee is based on the cumulative performance of the facility

The Deal (Cont.)

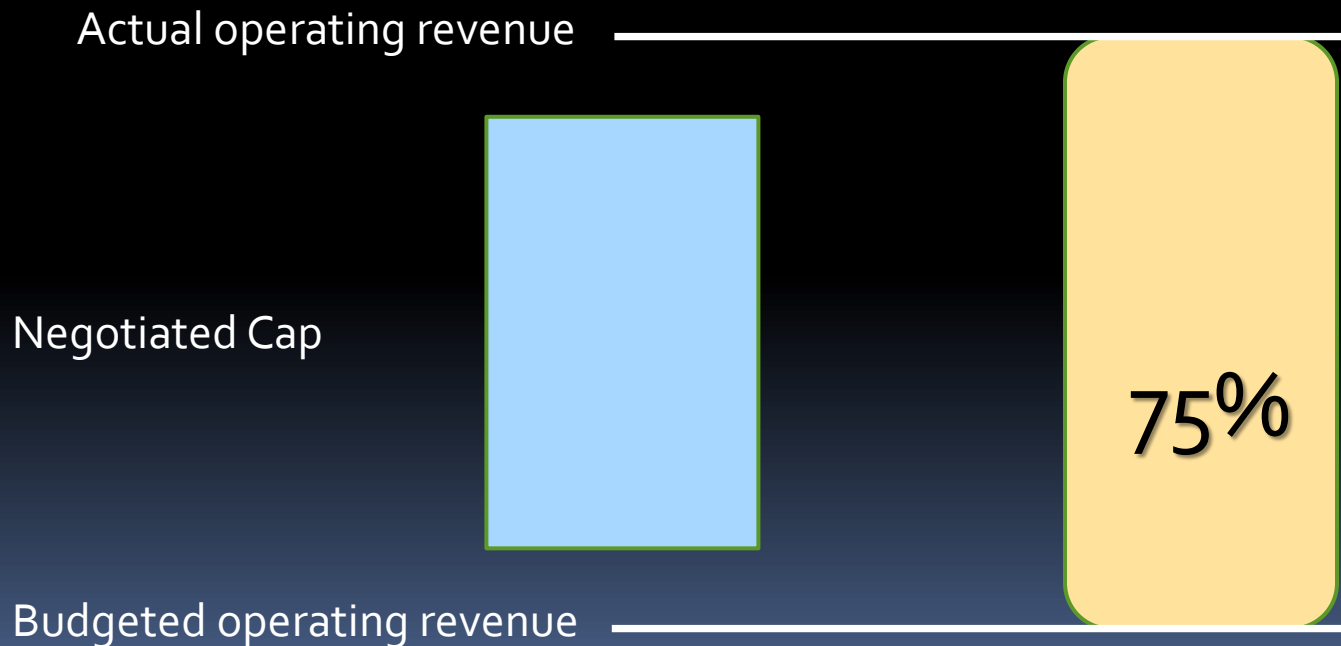
Incentive Fee

- Eligibility Criteria
 - Net Operating Income surpasses the Net Operating Income/Loss Benchmark
 - Food & Beverage operating profit margin be a minimum 34.5%
 - Meet mutually agreed upon Customer Satisfaction Goals
 - Meets mutually agreed upon Maintenance/Capital Goals

The Deal (Cont.)

Incentive Fee

- 25% of the following:



The Deal (Cont.)

Termination Option

- Provides a mechanism to ensure accountability
- City reserves the right to terminate agreement in the event of two consecutive years of poor financial performance

The Deal (Cont.)

Other Key Points

- Maintains the ability for local caterers to participate in providing food service for events
- Provides mechanisms to facilitate continuous improvement

