

July 24, 2019

Connie Verceles
Community and Economic Development
City of Sunnyvale
456 W Olive Ave
Sunnyvale, CA 94086

Re: Seasonal Ice Rink

Connie:

As discussed, here are our proposed terms for the Seasonal Ice Rink in Downtown Sunnyvale:

- A seasonal ice rink located in Downtown Sunnyvale (see attached map for approximate location)
- Ice rink will be open from approximately Thanksgiving 2019 through January 20, 2020
- The rink will be installed and operated by a professional rink operator, Bietak Productions, Inc.
 - Insurance for the rink will be provided by a combination of Bietak and Cityline
- The project will have three partners: City of Sunnyvale, CityLine & Google each contributing \$100,000 to fund the project setup costs
- All partners shall receive “headline” billing of names on all associated PR, marketing materials, etc
- Cityline team will serve as the project manager for the rink. All project details and associated contracts will be negotiated and signed by Cityline, including accounting services and any miscellaneous tasks.
 - All partners will agree to a total budget and retain audit rights of project finances. Adjustments to budget will require unanimous approval.
- Revenue generated from ticket sales, ice skate rentals and (if offered) food sales shall be used in the following order:
 - First, to Bietak to cover operational costs
 - Second, to cover make-ready and direct operational costs. These include, but are not limited to, those services and property management required by the operation of the rink not covered by Bietak.
 - This includes direct costs incurred by Cityline: Modifications to the Macy’s Building, additional Trash Services, additional lighting, additional security, additional insurance, clean-up, etc. See attached budget for additional details.
 - It also includes ongoing direct costs associated with sponsorship pursuit, advertising, public relations, and marketing—for a maximum of 4 months
 - Cityline will be paid a maximum of \$10,000 in project management fee (as direct cost) to cover all associated management.
 - Third, each partner to recover their initial investment with 33.3% to each
 - Reimbursement of upfront costs (if any, up to \$100,000 per partner) will be distributed at the conclusion of the rink after a final accounting

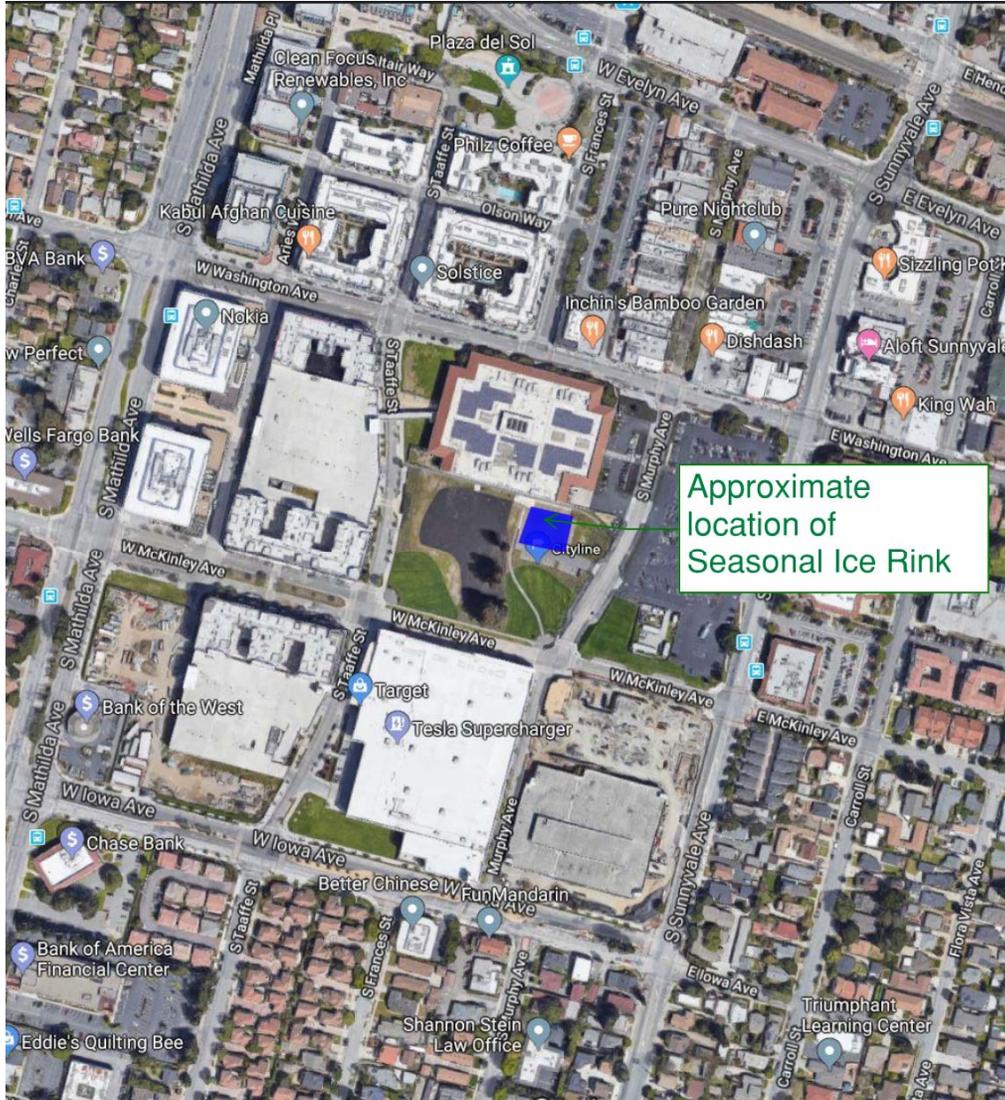
- If revenues are less than Bietak's operations costs and direct costs outlined above, Cityline shall bear the cost overrun risk—City's contribution will not exceed \$100,000
- Any additional revenue above and beyond the upfront, direct and operational costs incurred by the partners (i.e. profits) shall be donated to a local non-profit. Sunnyvale Community Services is the preferred non-profit partner
- City of Sunnyvale shall streamline the approval process as much as is possible
- All sponsorship dollars shall be treated as revenue and follow the cash flow outlined above.
- All partners shall make their best efforts to publicize the seasonal ice rink

We look forward to opening the rink this holiday season, made possible by the generous support of the City.

Thanks,

A handwritten signature in black ink, appearing to read "Travis Duncan". The signature is fluid and cursive, with a long horizontal stroke at the beginning.

Travis Duncan
CityLine



Draft Budget:

Partners Initial Contribution	\$ 300,000	total
Initial Set-up Costs:		
--- Bietak Proposal	\$ 263,720	
--- Sunnyvale Permitting	\$ 10,000	Estimate
--- Hotel for Setup/Tear down	\$ 8,000	Projecting \$200/night for 4 rooms
--- Contingency	\$ 18,280	
Sum Initial Costs	\$ 300,000	
Direct Costs - Recoved with Revenue above OpEx		
--- Macy's Building Electrical Modifications	\$ 10,000	Estimate
--- Cityline Project Mgmt	\$ 10,000	
--- Sponsorship Pursuit	\$ 22,000	Budgeted as \$5k/month for 4 mos + Reimbursables
--- Marketing / Social / Advertising	\$ 60,000	Budgeted as \$15k/month for 4 mos
Sum Direct Costs	\$ 102,000	
Sum One-Time Costs	\$ 402,000	
On-going Operations Expenses:		
--- Bietak Operations	\$ 28,720	/week - Bietak
--- Skate Use Fee	\$ 1,000	/week - Bietak
--- Hotel for Operators	\$ 2,800	/week - for Bietak, estimate
--- Power Costs	\$ 2,000	/week - Cityline estimate
--- Water Costs	\$ 1,500	/week - Cityline estimate
--- Security	\$ 4,000	/week - Cityline estimate
--- Trash Servicing	\$ 750	/week - Cityline estimate
--- Lighting	\$ 1,500	/week - Cityline estimate
Sum OpEx	\$ 42,270	/week
	\$ 338,160	/run of show
Revenue Projections		
---Skate Rental & Tickets	\$ 80,000	/week
	\$ 640,000	/run of show
Net Operations - Weekly	\$ 37,730	
Net Operations - Run of Show	\$ 301,840	8 weeks of skating
Less: Direct Costs Refunded	\$(102,000)	
Remaining Cash for Distribution	\$ 199,840	
--- Projected Cash Distribution	\$ 66,613	/partner