



BILLY CASPER GOLF



Response to Best and Final Offer

City of Terre Haute - Request for Proposals for the Operation and Maintenance of City Golf Courses

July 2017

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SECTION A – RESPONSE SUMMARY

In response to the City of Terre Haute’s (“City”) Request for Clarification and Best and Final Offer (“BAFO”) Announcement dated June 29th, 2017, Billy Casper Golf (“BCG”) respectfully submits additional information, a revised proposal (Exhibit A), and a new proposal (Exhibit B).

BCG’s original response to the City’s RFP remains, on the whole, representative of the plan and approach BCG would take in partnering with the City to operate Rea Park and Hulman Links golf courses (“Courses”).

Organizational Structure / Staffing Plan

The organizational structure and staffing plan remain very similar, in the enclosed response, to what they were in the original RFP response, however, additional information is provided to clarify the difference between number of employees and the full-time equivalency thereof, based on one FTE equaling two-thousand eighty (2,080) man-hours in a year. A vast majority of the staff will be part-time and will work 9 months or less in a calendar year.

A single General Manager (“GM”) will continue to oversee both properties, with appropriate support at each location. Beyond the GM, the remaining staff will be dedicated to their respective facilities, however, staff will be able to work at the alternate location to create efficiencies. While subtle, BCG’s staffing plan takes advantage of efficiencies in management structure and “overhires” in a few key spots to include the General Manager, Primary Superintendent, and Lead Mechanic.

Capital Improvements

The capital improvement plan originally submitted included mission critical items for the next 10 years. This was not an exhaustive list and after the selection process concludes, a more detailed plan will be provided as part of the annual planning and budgeting process.

The enclosed response identifies the same categories and costs for capital investment over the 10 years, with the immediate need for a new Information Technology (“IT”) infrastructure and maintenance equipment. Both of these expenses are included in the Pro Formas.

The IT upgrade will include a state-of-the-art Point of Sale system which will allow for cutting edge marketing, data segmentation and implementation of effective yield management strategies. The maintenance equipment lease is expected to remain similar to the existing lease payments to replace the expiring fair market lease.

Concession Arrangement

BCG’s RFP response included a concession arrangement for Pro Shop Merchandise and Food & Beverage. Our BAFO response has modified this approach, eliminating the concession arrangement and leaving the financial responsibility with the City, under Exhibit A, and with BCG, under Exhibit B.

SECTION A – RESPONSE SUMMARY

Regardless of structure, BCG will manage the Merchandising and Food & Beverage operations with the same skill and attention to detail as outlined in the RFP response. The reduction in BCG's management fee that was afforded by the concession arrangement has been eliminated, with the six-thousand dollar (\$6,000) monthly management fee reverting back to a more standard management fee of eight-thousand dollars (\$8,000).

Pro Formas - Exhibits A & B

Our BAFO Exhibit B “stop-loss” is similar to the initial submission when accounting for cart and equipment leases, reinforcing our conservative approach to providing financial projections and expectations. BCG is submitting a stop-loss to the City that mimics our original submission, inclusive of the cart and equipment leases and the revised concession structure.

Our BAFO Exhibit A submission assumes the timing of improvements to the operations are as expected and Mother Nature cooperates. The delta between BAFO Exhibit A and BAFO Exhibit B is simply due to a cushion needed between expected performance and “guaranteed” performance and it should be noted that the “stop-loss” numbers are in-line with the original RFP submission.

With either structure, BCG firmly believes the City and BCG should be partners, both benefitting from the improvements to be made. To this end, under either structure, BCG feels strongly that capital reinvestment in the Courses is of utmost importance to ensure long-term viability and that the 40% profit share to BCG would be better at 20%, with 80% going to a Capital Fund for reinvestment in the Courses.

Finally, under the “stop-loss” option, even if the Courses are not profitable, but they do exceed the agreed upon stop loss number by (“X”), an agreed upon threshold, BCG would invest 50% of the difference into Capital Improvements at the Courses the following Fiscal Year.

Summary

With a comprehensive marketing, PR, maintenance, and operations plan implemented, the Courses will be able to increase revenue significantly to reduce the City's subsidy, ultimately approaching a much better financial position than they currently maintain and doing so with a proven, safe partner in BCG.

SECTION B – UPDATED STAFFING PLAN

The organizational structure remains the same from the RFP submission and the additional detail regarding FTE's and annual man-hours should help with assessing the staffing plan. As previously noted, the General Manager will be responsible for and actively involved with both Courses, while the remaining staff will be dedicated to their facility, with the ability and intention to cross-utilize staff as appropriate.

Hulman Links						
Position	Full-time/Part-time	Salary/Hourly	Year-round/Seasonal	# Employees	FTE's	Total Annual Man-hours
General Manager - Hulman & Rea	Full-time	Salary	Year-round	1	1	2080
Head Professional	Full-time	Hourly	Year-round	1	1	2080
Golf Shop Attendant	Part-time	Hourly	Seasonal	5	1	2110
Cart/Range Attendant	Part-time	Hourly	Seasonal	10	1.25	2690
Starter	Part-time	Hourly	Seasonal	5	0.5	900
Player Assistant	Part-time	Hourly	Seasonal	5	0.5	810
Superintendent	Full-time	Salary	Year-round	1	1	2080
Assistant Superintendent	Full-time	Salary	Year-round	1	1	2080
Mechanic	Full-time	Hourly	Year-round	1	1	2080
Irrigation Tech	Full-time	Hourly	Seasonal	1	0.75	1560
Groundskeeper 1	Full-time	Hourly	Seasonal	2	1.25	2400
Groundskeeper 2	Full-time	Hourly	Seasonal	3	1.25	2640
Housecleaning	Part-time	Hourly	Seasonal	1	0.25	420
Food & Beverage Manager	Full-time	Hourly	Seasonal	1	0.75	1560
Server	Part-time	Hourly	Seasonal	5	1.25	2700
Beverage Cart Attendant	Part-time	Hourly	Seasonal	4	0.5	1200
Totals				46	13.25	27310
Rea Park						
Position	Full-time/Part-time	Salary/Hourly	Year-round/Seasonal	# Employees	FTE's	Total Annual Man-hours
Golf Professional	Full-time	Salary	Year-round	1	1	2080
Assistant Professional	Full-time	Hourly	Seasonal	1	0.75	1560
Golf Shop Attendant	Part-time	Hourly	Seasonal	5	1	2110
Cart/Range Attendant	Part-time	Hourly	Seasonal	10	1.5	2840
Starter	Part-time	Hourly	Seasonal	5	0.5	900
Player Assistant	Part-time	Hourly	Seasonal	5	0.5	810
Superintendent	Full-time	Salary	Year-round	1	1	2080
Assistant Superintendent	Full-time	Hourly	Year-round	1	1	2080
Mechanic	Full-time	Hourly	Seasonal	1	0.75	1560
Groundskeeper 1	Full-time	Hourly	Seasonal	2	1.25	2400
Groundskeeper 2	Full-time	Hourly	Seasonal	2	0.75	1760
Housecleaning	Part-time	Hourly	Seasonal	1	0.25	420
Totals				35	10.25	20600

SECTION C – UPDATED CAPITAL IMPROVEMENTS

The Capital Improvement plan remained the same, except for aligning the annual maintenance equipment expense with the actual annual lease payments currently being made.

Terre Haute Golf Capital Replacement Schedule											
	Recommended Year of Replacement										10 Year TOTAL
	2017	2018	2019	2020	2021	2022	2023	2024	2025	2026	
Maintenance Equipment	\$ 83,259	\$ 83,259	\$ 83,259	\$ 83,259	\$ 83,259	\$ 41,630	\$ 41,630	\$ 41,630	\$ 41,630	\$ 41,630	\$ 624,443
Irrigation System	\$ -			\$ 25,000				\$ 25,000			\$ 50,000
Beverage Carts	\$ -				\$ 15,000						\$ 15,000
Range Equipment	\$ -			\$ 15,000						\$ 15,000	\$ 30,000
Building Renovations	\$ -										\$ -
Clubhouse FF&E	\$ -		\$ 20,000			\$ 20,000			\$ 20,000		\$ 60,000
HVAC	\$ -		\$ 36,000				\$ 36,000				\$ 72,000
Point of Sale System	\$ 30,000					\$ 30,000					\$ 60,000
Kitchen Equipment	\$ -						\$ 10,000				\$ 10,000
Signage	\$ -				\$ 10,000				\$ 10,000		\$ 20,000
Totals	\$ 113,259	\$ 83,259	\$ 139,259	\$ 123,259	\$ 108,259	\$ 91,630	\$ 87,630	\$ 66,630	\$ 71,630	\$ 56,630	\$ 941,443
Bolded Items included in Pro Forma											

SECTION D – UPDATED PRO FORMA EXHIBIT A

The following pro forma includes the current cart and equipment lease expenses as well as the modified concession arrangement (i.e. no longer a concession arrangement for Merchandise and Food & Beverage).



Consolidated CLIENT SUMMARY EXHIBIT A

	TOTAL ROUNDS OF GOLF		54,000	55,900	57,496	58,741	59,168	285,305
	1	2	3	4	5	Year 1-5		
	2018	2019	2020	2021	2022	TOTAL		
REVENUES								
Greens Fees	\$ 764,740	\$ 811,007	\$ 847,863	\$ 877,438	\$ 895,074	\$ 4,196,122		
Cart Fees	\$ 412,000	\$ 430,759	\$ 445,270	\$ 457,174	\$ 465,105	\$ 2,210,309		
Driving Range	\$ 102,150	\$ 106,810	\$ 110,249	\$ 113,372	\$ 115,340	\$ 547,921		
Activity or Pass Card Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Pro Shop Sales	\$ 80,500	\$ 84,158	\$ 87,421	\$ 90,202	\$ 91,765	\$ 434,046		
Food (Food & Soft Drinks)	\$ 165,500	\$ 173,028	\$ 179,740	\$ 185,463	\$ 188,679	\$ 892,410		
Beverages (Alcohol)	\$ 69,500	\$ 72,645	\$ 75,451	\$ 77,843	\$ 79,189	\$ 374,627		
Other Food & Beverage Revenue	\$ 7,775	\$ 8,127	\$ 8,441	\$ 8,708	\$ 8,859	\$ 41,910		
Other Golf Revenues (club rental, handicap, locker, bag storage)	\$ 2,420	\$ 2,444	\$ 2,469	\$ 2,493	\$ 2,518	\$ 12,344		
Clinic / School Revenue	\$ 9,504	\$ 9,599	\$ 9,695	\$ 9,792	\$ 9,890	\$ 48,480		
TOTAL REVENUE	\$ 1,614,089	\$ 1,698,577	\$ 1,766,599	\$ 1,822,485	\$ 1,856,419	\$ 8,758,169		
COST OF SALES								
COGS - Pro Shop Merch.	\$ 54,740	\$ 57,228	\$ 59,446	\$ 61,337	\$ 62,400	\$ 295,151		68%
COGS - Food	\$ 59,580	\$ 62,290	\$ 64,707	\$ 66,767	\$ 67,924	\$ 321,267		36%
COGS - Beverage	\$ 19,460	\$ 20,341	\$ 21,126	\$ 21,796	\$ 22,173	\$ 104,896		28%
TOTAL COST OF SALES	\$ 133,780	\$ 139,858	\$ 145,279	\$ 149,900	\$ 152,497	\$ 721,314		
GROSS INCOME	\$ 1,480,309	\$ 1,558,718	\$ 1,621,320	\$ 1,672,585	\$ 1,703,922	\$ 8,036,854		
LABOR								
Golf Operations Labor	\$ 209,700	\$ 211,797	\$ 213,915	\$ 216,054	\$ 218,215	\$ 1,069,680		
General & Administrative Labor	\$ 74,800	\$ 75,548	\$ 76,303	\$ 77,067	\$ 77,837	\$ 381,555		
Golf Course Maintenance Labor	\$ 334,757	\$ 338,105	\$ 341,486	\$ 344,901	\$ 348,350	\$ 1,707,598		
Food & Beverage Labor	\$ 49,176	\$ 49,668	\$ 50,164	\$ 50,666	\$ 51,173	\$ 250,847		
Sales & Marketing Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Total Direct Labor	\$ 668,433	\$ 675,117	\$ 681,869	\$ 688,687	\$ 695,574	\$ 3,409,681		
Total Payroll Taxes	\$ 66,843	\$ 67,512	\$ 68,187	\$ 68,869	\$ 69,557	\$ 340,968		
Total Medical/Health Benefits	\$ 45,768	\$ 46,226	\$ 46,688	\$ 47,155	\$ 47,626	\$ 233,463		
Insurance - Workman's Comp	\$ 27,138	\$ 27,410	\$ 27,684	\$ 27,961	\$ 28,240	\$ 138,433		
TOTAL LABOR	\$ 808,183	\$ 816,265	\$ 824,427	\$ 832,672	\$ 840,998	\$ 4,122,545		
OTHER OPERATIONAL EXPENSES								
Golf Operations Expense	\$ 32,300	\$ 32,623	\$ 32,949	\$ 33,279	\$ 33,612	\$ 164,762		
General & Administrative Expense	\$ 271,100	\$ 273,811	\$ 276,549	\$ 279,315	\$ 282,108	\$ 1,382,882		
Golf Course Maintenance Expense	\$ 250,100	\$ 252,601	\$ 255,127	\$ 257,678	\$ 260,255	\$ 1,275,761		
Food & Beverage Expense	\$ 24,250	\$ 24,493	\$ 24,737	\$ 24,985	\$ 25,235	\$ 123,699		
Sales & Marketing Expense	\$ 45,400	\$ 39,794	\$ 40,192	\$ 40,594	\$ 41,000	\$ 206,980		
Golf Cart Lease	\$ 83,998	\$ 83,998	\$ 83,998	\$ 83,998	\$ 83,998	\$ 419,990		
EXISTING - Equipment Leases	\$ 83,259	\$ 83,259	\$ 83,259	\$ 83,259	\$ 83,259	\$ 416,295		
FF and E - NEW FINANCED ITEMS	\$ 9,600	\$ 9,660	\$ 9,660	\$ -	\$ -	\$ 28,920		
Insurance - P & C	\$ 36,000	\$ 36,360	\$ 36,724	\$ 37,091	\$ 37,462	\$ 183,636		
TOTAL OTHER OPERATIONAL EXPENSES	\$ 836,007	\$ 836,599	\$ 843,195	\$ 840,198	\$ 846,928	\$ 4,202,926		
TOTAL EXPENSES	\$ 1,644,190	\$ 1,652,863	\$ 1,667,623	\$ 1,672,870	\$ 1,687,926	\$ 8,325,471		
EBITDA	\$ (163,881)	\$ (94,145)	\$ (46,303)	\$ (285)	\$ 15,996			
CUMULATIVE EBITDAR	\$ (163,881)	\$ (258,025)	\$ (304,328)	\$ (304,613)	\$ (288,617)			

SECTION E – NEW PRO FORMA EXHIBIT B

The following pro forma includes the current cart and equipment lease expenses as well as the modified concession arrangement (i.e. no longer a concession arrangement for Merchandise and Food & Beverage). This is the Stop Loss Pro Forma.



**Consolidated
CLIENT SUMMARY
EXHIBIT B**

	TOTAL ROUNDS OF GOLF					266,148
	1	2	3	4	5	Year 1-5
	2018	2019	2020	2021	2022	TOTAL
REVENUES						
Greens Fees	\$ 698,740	\$ 741,014	\$ 767,654	\$ 778,854	\$ 790,655	\$ 3,776,917
Cart Fees	\$ 367,000	\$ 383,387	\$ 393,344	\$ 397,835	\$ 403,128	\$ 1,944,694
Driving Range	\$ 98,400	\$ 102,802	\$ 105,136	\$ 106,466	\$ 107,930	\$ 520,734
Activity or Pass Card Sales	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Pro Shop Sales	\$ 76,000	\$ 79,386	\$ 82,022	\$ 83,390	\$ 84,457	\$ 405,255
Food (Food & Soft Drinks)	\$ 143,000	\$ 149,379	\$ 154,166	\$ 156,723	\$ 158,771	\$ 762,039
Beverages (Alcohol)	\$ 62,000	\$ 64,749	\$ 67,203	\$ 68,349	\$ 69,147	\$ 331,448
Other Food & Beverage Revenue	\$ 7,775	\$ 8,120	\$ 8,427	\$ 8,571	\$ 8,671	\$ 41,565
Other Golf Revenues (club rental, handicap, locker, bag storage)	\$ 2,420	\$ 2,444	\$ 2,469	\$ 2,493	\$ 2,518	\$ 12,344
Clinic / School Revenue	\$ 9,504	\$ 9,599	\$ 9,695	\$ 9,792	\$ 9,890	\$ 48,480
TOTAL REVENUE	\$ 1,464,839	\$ 1,540,879	\$ 1,590,116	\$ 1,612,474	\$ 1,635,166	\$ 7,843,475
COST OF SALES						
COGS - Pro Shop Merch.	\$ 51,680	\$ 53,982	\$ 55,775	\$ 56,706	\$ 57,430	\$ 275,574
COGS - Food	\$ 51,480	\$ 53,776	\$ 55,500	\$ 56,420	\$ 57,157	\$ 274,334
COGS - Beverage	\$ 17,360	\$ 18,130	\$ 18,817	\$ 19,138	\$ 19,361	\$ 92,805
TOTAL COST OF SALES	\$ 120,520	\$ 125,888	\$ 130,092	\$ 132,264	\$ 133,949	\$ 642,713
GROSS INCOME	\$ 1,344,319	\$ 1,414,991	\$ 1,460,024	\$ 1,480,211	\$ 1,501,217	\$ 7,200,762
LABOR						
Golf Operations Labor	\$ 209,700	\$ 211,797	\$ 213,915	\$ 216,054	\$ 218,215	\$ 1,069,680
General & Administrative Labor	\$ 74,800	\$ 75,548	\$ 76,303	\$ 77,067	\$ 77,837	\$ 381,555
Golf Course Maintenance Labor	\$ 334,757	\$ 338,105	\$ 341,486	\$ 344,901	\$ 348,350	\$ 1,707,598
Food & Beverage Labor	\$ 49,176	\$ 49,668	\$ 50,164	\$ 50,666	\$ 51,173	\$ 250,847
Sales & Marketing Labor	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Total Direct Labor	\$ 668,433	\$ 675,117	\$ 681,869	\$ 688,687	\$ 695,574	\$ 3,409,681
Total Payroll Taxes	\$ 66,843	\$ 67,512	\$ 68,187	\$ 68,869	\$ 69,557	\$ 340,968
Total Medical/Health Benefits	\$ 45,768	\$ 46,226	\$ 46,688	\$ 47,155	\$ 47,626	\$ 233,463
Insurance - Workman's Comp	\$ 27,138	\$ 27,410	\$ 27,684	\$ 27,961	\$ 28,240	\$ 138,433
TOTAL LABOR	\$ 808,183	\$ 816,265	\$ 824,427	\$ 832,672	\$ 840,998	\$ 4,122,545
OTHER OPERATIONAL EXPENSES						
Golf Operations Expense	\$ 32,300	\$ 32,623	\$ 32,949	\$ 33,279	\$ 33,612	\$ 164,762
General & Administrative Expense	\$ 271,100	\$ 273,811	\$ 276,549	\$ 279,315	\$ 282,108	\$ 1,382,882
Golf Course Maintenance Expense	\$ 250,100	\$ 252,601	\$ 255,127	\$ 257,678	\$ 260,255	\$ 1,275,761
Food & Beverage Expense	\$ 24,250	\$ 24,493	\$ 24,737	\$ 24,985	\$ 25,235	\$ 123,699
Sales & Marketing Expense	\$ 45,400	\$ 39,794	\$ 40,192	\$ 40,594	\$ 41,000	\$ 206,980
Golf Cart Lease	\$ 83,998	\$ 83,998	\$ 83,998	\$ 83,998	\$ 83,998	\$ 419,990
EXISTING - Equipment Leases	\$ 83,259	\$ 83,259	\$ 83,259	\$ 83,259	\$ 83,259	\$ 416,295
FF and E - NEW FINANCED ITEMS	\$ 9,600	\$ 9,660	\$ 9,660	\$ -	\$ -	\$ 28,920
Insurance - P & C	\$ 36,000	\$ 36,360	\$ 36,724	\$ 37,091	\$ 37,462	\$ 183,636
TOTAL OTHER OPERATIONAL EXPENSES	\$ 836,007	\$ 836,599	\$ 843,195	\$ 840,198	\$ 846,928	\$ 4,202,926
TOTAL EXPENSES	\$ 1,644,190	\$ 1,652,863	\$ 1,667,623	\$ 1,672,870	\$ 1,687,926	\$ 8,325,471
EBITDA	\$ (299,871)	\$ (237,872)	\$ (207,598)	\$ (192,659)	\$ (186,708)	
CUMULATIVE EBITDAR	\$ (299,871)	\$ (537,743)	\$ (745,341)	\$ (938,001)	\$ (1,124,709)	

3 Exhibits

3.1 Exhibit A

Estimated Gross Revenues and Total Expenses

Using the table below, provide estimated gross revenues and total expenses for the two courses (combined) for the calendar years indicated. All revenue and all expenses from any aspect of the course operations should be included.¹

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Gross Revenues	\$1,614,089	\$1,698,577	\$1,766,599	\$1,822,485	\$1,856,419
Total Expenses	\$1,777,970	\$1,792,721	\$1,812,902	\$1,822,770	\$1,840,423

Proposed Monthly Fee (City Subsidy)

Using the table below, provide the proposed monthly fee (if any) that the contractor will require from the City. This amount should correspond to any difference between estimated gross revenue and total expenses listed above. Low or no monthly fees are the preferred option.

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Proposed Monthly Subsidy	\$13,657	\$7,845	\$3,859	\$24	\$0

Profit Sharing

The table below provides the percentage of profits (if any) that the contractor will share with the City. Profits will occur when revenues exceed expenses and no subsidy is required.

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
% of Profits Shared with City	60%	60%	60%	60%	60%
% of Profits shared with City if the City share is reinvested in capital projects	80%	80%	80%	80%	80%

¹ The City retains the right to allocate a portion of the benefits generated from the proposed transaction to cover transaction advisor costs. Respondents need not address this in the pricing.

3.2 Exhibit B (Guaranteed Savings)

Estimated Gross Revenues and Total Expenses

Using the table below, provide estimated gross revenues and total expenses for the two courses (combined) for the calendar years indicated. All revenue and all expenses from any aspect of the course operations should be included.²

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Gross Revenues	\$1,464,839	\$1,540,879	\$1,590,116	\$1,612,474	\$1,635,166
Total Expenses	\$1,764,710	\$1,778,751	\$1,797,715	\$1,805,134	\$1,821,875

Proposed Monthly Guaranteed Savings Fee (City Subsidy)

Using the table below, provide the proposed monthly guarantee savings fee (if any) that the contractor will require from the City in exchange for assuming the risk on revenue and expenses. This amount could correspond to any difference between estimated gross revenue and total expenses listed above, or could be different. The amount would be both the City's maximum and minimum exposure for the subsidy. Risk beyond that amount would lie with the respondent. Low or no monthly fees are the preferred option

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
Proposed Monthly Guarantee Savings Fee (Subsidy)	\$24,989	\$19,823	\$17,300	\$16,055	\$15,559

Profit Sharing

Using the table below, provide the percentage of profits (if any) that the contractor will share with the City under a guarantee savings arrangement. Profit sharing would be determined on a life-of-the-contract basis. That is, the respondent could recoup all prior year's losses before it was required to share profits. Profits will occur when revenues (which include the monthly subsidy) exceed expenses.

	CY 2018	CY 2019	CY 2020	CY 2021	CY 2022
% of Profits Shared with City	60%	60%	60%	60%	60%
% of Profits shared with City if the City share is reinvested in capital projects	80%	80%	80%	80%	80%

(343,558.00) (861,230.00) 517,672.00 (39.89)

4.

37)(100.00)

² The City retains the right to allocate a portion of the benefits generated from the proposed transaction to cover transaction advisor costs. Respondents need not address this in the pricing.