

Briefing Note

August 3, 2010

Tuggs Comparative Chart

Issue	Tuggs Original Agreement	Tuggs 2007 Proposal	Tuggs 2009 Proposal	Final Agreement Terms
1. Fees	<ul style="list-style-type: none"> • Total over 20 year term: \$2,065,600 plus approximately \$500,000 in commission • Total: \$2,565,600 	<ul style="list-style-type: none"> • Total over 20 year term: \$5,750,000 	<ul style="list-style-type: none"> • Total over 20 year term: \$4,750,000 • Tuggs bases this difference on the reduced sponsorship rights and rent based on 8 – 10% of gross sales which is more to the industry norm. The original 2007 proposal fee was based on 18-20% of gross sales. They expected increased sales from increased sponsorships. 	<ul style="list-style-type: none"> • Total over 20 year term: \$4,750,000 • The difference of \$1,000,000 between the two proposals is not money that the City lost as it is money that was only proposed by Tuggs. • The actual comparison should be made to what Tuggs actually paid over the original 20 year term and what Tuggs will pay over the new 20 year agreement. The City actually gains \$2,184,400 in fees

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2. Type of Fees	<ul style="list-style-type: none"> Flat fee plus 8% commission on alcohol sales 	<ul style="list-style-type: none"> Flat annual fee 	<ul style="list-style-type: none"> Flat annual fee 	<ul style="list-style-type: none"> Flat annual fee. The City is moving toward flat fees to provide for more accountability and guaranteed revenues
3. Capital Improvements	<ul style="list-style-type: none"> \$2,000,000 	<ul style="list-style-type: none"> \$2,150,000 \$200,000 for capital improvements to Woodbine Beach Park included in this amount Tuggs was to determine how funds are spent 	<ul style="list-style-type: none"> \$1,750,000 the \$200,000 for park improvements was removed from the proposal 	<ul style="list-style-type: none"> \$2,150,000 Plus \$200,000 for capital improvements to Woodbine Beach City to determine how the funds are spent
4. Time line for capital Improvements	<ul style="list-style-type: none"> 	<ul style="list-style-type: none"> Capital improvements to be completed within the first year of the new agreement There was no schedule for the payment of the \$200,000 	<ul style="list-style-type: none"> Capital improvements to be completed within the first year of the agreement The \$200,000 for park improvements was removed from the proposal 	<ul style="list-style-type: none"> Capital improvements to be completed within the first year of the agreement The \$200,000 for capital improvements to Woodbine Beach Park was added back into the agreement by the City and is to be paid to the City in full by December 31, 2011 and spent at the City's discretion
5. The exclusive right to promote or sell non-consumable goods and products related to sponsorship programs in the park	<ul style="list-style-type: none"> The original agreement did not address this issue 	<ul style="list-style-type: none"> The exclusive right to promote or sell any non-consumable goods and products related to sponsorship programs in the park 	<ul style="list-style-type: none"> The exclusive right to promote or sell any non-consumable goods and products related to sponsorship programs in the park 	<ul style="list-style-type: none"> The exclusive right to sell non-consumable goods in the parklands but these items have now been defined in the agreement to limit what is acceptable to sell. ie. Lotion, sunscreens, hats etc.

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6. Licensed Premises	<ul style="list-style-type: none"> • Woodbine Beach Park • Kew Gardens Park • Beaches Park 	<ul style="list-style-type: none"> • Woodbine Beach Park • Kew Gardens Park • Beaches Park • Ashbridges Bay Park 	<ul style="list-style-type: none"> • Woodbine Beach Park • Kew Gardens Park • Beaches Park • Ashbridges Bay Park 	<ul style="list-style-type: none"> • Woodbine Beach Park • Kew Gardens Park • Beaches Park • Ashbridges Bay Park
7. Tuggs Sponsorship Rights	<ul style="list-style-type: none"> • There were no sponsorship rights 	<ul style="list-style-type: none"> • Tuggs would have exclusive and unlimited rights to all sponsorships, at all times, in all locations throughout the Licensed Premises • Tuggs intent was to sell long term (2-5 years) signage rights to companies that would allow them to display their signs throughout the park at Tuggs discretion • Tuggs could erect an unlimited number of signs advertising signs as they wanted • Estimated value of sponsorship Rights: \$750,000 over the term 	<ul style="list-style-type: none"> • Tuggs will be allowed three signs within the parklands for sponsorship The locations are to be determined by the City • All signs must be related to an advertised event • Signs must be of a size and nature that must be approved by the City • Estimated value of the reduced sponsorship rights: \$340,000 over the term 	<ul style="list-style-type: none"> • Tuggs will be allowed three signs within the parklands for sponsorship The locations to be agreed upon by the City • PF&R must approve all sponsorship proposals and signs. • The City retains the right to provide its own partnership plan. • The agreement ensures that the City has final approval on the types of sponsorships, the physical area concerned, and ensure there are no conflicts with other sponsorships the City already has in place • Estimated value of the reduced sponsorship rights: \$340,000 over the term
8. Exclusivity Rights and Sponsorship Rights	<ul style="list-style-type: none"> • Tuggs had exclusive rights for food and beverage over special event permits for the entire Licensed Premises except for 	<ul style="list-style-type: none"> • Tuggs would have exclusive food, beverage and sponsorship rights over the entire Eastern Beaches with no 	<ul style="list-style-type: none"> • Tuggs would have exclusive food, beverage and sponsorship rights over the entire Eastern Beaches 	<ul style="list-style-type: none"> • Food, beverage and sponsorship exclusivity is waived for not-for-profit groups in the entire Kew Gardens Park

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	<p>events in the north portion of Kew Gardens. The permit holder must be a not-for-profit group</p>	<p>exceptions</p>		<ul style="list-style-type: none"> • Groups would need permission from Tuggs to waive food and beverage rights in the rest of the Licensed Premises. • Clause 5.4 allows the City to issue permits for special events, subject to the conditions set out therein. There are no restrictions with respect to corporate sponsorship signage save and except that there shall not be any conflict with the Tenant's Sponsorship programs as approved by the City.
<p>9. Control over public events and public access</p>	<ul style="list-style-type: none"> • Tuggs had no control over the issuance of permits or public access to the beaches 	<ul style="list-style-type: none"> • Tuggs had no control over the issuance of permits or public access to the beaches 	<ul style="list-style-type: none"> • Tuggs had no control over the issuance of permits or public access to the beaches 	<ul style="list-style-type: none"> • Tuggs had no control over the issuance of permits or public access to the beaches • Any permit holder or member of the public can provide food and beverages to their participants at any time but cannot sell or vend without Tuggs waiving their exclusivity rights or unless the event is held in Kew Beach Park