

## **Ale Fest Contract Negotiations**

### **2014 Ale Fest Contract (1 year contract)\***

\$12,000 retainer paid up front to Maxx Marketing (Promoter)

50% of the net profit to Maxx Marketing

\*The fees are paid regardless of the number of tickets sold

### **2014 Final Budget**

1208 participants

Maxx marketing was paid \$15,326.95

Munster had a net profit of \$3,326.95\*

\*\*This was a start-up program with startup expenses that won't be spent this year. Expenses are expected to be lower.

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### **2015 Contract Negotiations (3 year contract)**

The Director of Parks and Recreation is negotiating a "step" arrangement with Maxx Marketing. This will make the share more equitable as the ticket sales increase. The idea is that the Town of Munster will pay a lower up-front retainer and lower commissions until certain ticket sales are reached. This will reduce some of the risk to the Town and add more risk to Maxx Marketing. Currently, all of the risk falls on Munster. If a tornado comes through and the Town cancels the program, everything that is spent to that point will be lost. The Town would have a guaranteed loss of \$12,000 plus all other expenses paid out. Maxx Marketing will also lose everything that they spent to that point. However, they would have the retainer in hand so their loss would be minimal. Below is the status of the negotiations so far.

#### **Retainer**

\$8,000 retainer paid up front instead of \$12,000

#### **Profit Share**

\$40% of the net profit to Maxx Marketing instead of 50%

#### **When we reach 1301 tickets sold**

The retainer increases to \$10,000. Additional \$2,000 will be paid when the 1301<sup>st</sup> ticket is sold.

40% of the net profit remains

#### **When we reach 1501 tickets sold**

The retainer increases to \$12,000. Additional \$2,000 will be paid when the 1501<sup>st</sup> ticket is sold

Net profit share increases to 50%

#### **When we reach 1801 tickets sold**

The retainer increases to \$13,000. Additional \$1,000 will be paid when the 1801<sup>st</sup> ticket is sold

Net profit share remains at 50%

## Projections Based on the Current Negotiations

Ticket Sales	Gross Revenue – Maxx Marketing Paid by Town of Munster	Net Profit – Town of Munster	Contract Year Comparison
1000	\$8,516	\$773.51	2015 – Proposed
1100	\$10,316	\$3,474	2015 – Proposed
1208 (actual)	\$15,327 (actual)	\$3,327 (actual)	2014 – old contract
1200	\$12,115	\$6,174	2015 – Proposed
1300	\$13,916	\$8,874	2015 – Proposed
1350	\$16,017	\$9,025	2015 – Proposed
1400	\$16,916	\$10,374	2015 – Proposed
1450	\$17,816	\$11,724	2015 – Proposed
1500	\$18,716	\$13,074	2015 – Proposed
1550	\$23,020	\$11,019	2015 – Proposed
1600	\$24,145	\$12,144	2015 – Proposed
1700	\$26,395	\$14,395	2015 – Proposed
1750	\$27,520	\$15,519	2015 – Proposed
1800	28,645	\$16,145	2015 – Proposed
1850	\$29,770	\$17,769	2015 – Proposed
1900	\$31,395	\$18,395	2015 – Proposed

Projections are determined using the 2014 expenses and the 2014 ticket cost. It is assumed that the expenses will actually be lower due to the high start-up costs that will not be spent starting in 2015.