

August 15, 2020
Mr. Brian Engleking
Waukesha Metro
212 E. St Paul Ave
Waukesha, WI 53188

Good Afternoon Brian,

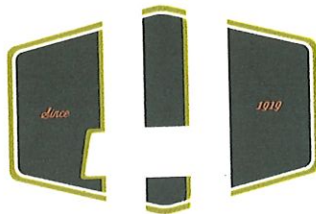
Houck Transit Advertising would like to formally request to amend the transit advertising agreement beginning 7/1/20 through 12/31/20 sighting the global economic impact of COVID-19. In a very short time COVID-19 has caused a very rapid negative change in the economy that we feel will have long lasting affects on our ability to generate revenue at the same levels as what we proposed in our original bid. Below we have outline the challenges that COVID-19 and the resulting shutdowns have caused and will continue to cause that will make the current guarantee amount unattainable and no longer viable given the health and economic implications caused by COVID-19.

Closures + Shutdowns

In multiple states and cities that we serve business and school closures as well as government mandated stay-at-home orders quickly and significantly impacted our customer's ability to pay for current advertising campaigns or plan and purchase new campaigns. Stay at home directives reduced the value of transit advertising virtually over-night as vast amounts of people were not seeing ads that once were. In every city and state events that happen every year have been canceled. Many of those events spent large amounts of money with us to promote themselves on city buses. Also, those large events generated a lot of residual revenue as other companies chose to promote their products and services via transit advertising to target that high concentrations of people.

Reduced Service and Ridership Levels:

We believe Waukesha Metro is doing a tremendous job of rotating and cleaning buses to keep all drivers and passengers safe from the virus! However, brief system shutdown, steep decline in ridership and the limiting of routes buses travel on has significantly reduced the impression levels and value of transit advertising from what it had been prior to COVID. While we also believe the transit system has done a great job of planning for the various contingencies to best serve the community's transportation needs we are not as certain that riders will be readily willing to come back as quickly out of fear of COVID. In addition, many companies have chosen to keep employees working from home. That translates into fewer people out in public and traveling around the community, especially during peak times. The main value of transit advertising is that people are out and about seeing the ads that are on the buses. If fewer people are traveling it has the potential for transit advertising to be less valuable to advertisers.



Houck Transit Advertising

2020-2021 School Year

Across America families and school districts are weighing the option of bringing kids of all ages back to school or remote distance learning. Those decisions will impact kids and young adults from elementary through college. While we are waiting on further details our concern is if students are directed or choose to stay home it will negatively impact the level of ridership the transit system serves through the end of 2020. In addition, the possibility of kids being sent home during the year, such as what happened in March is likely.

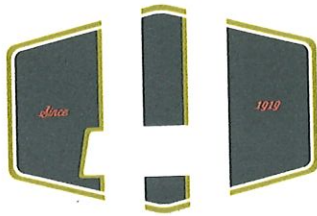
Uncertainty

The greatest on-going challenge caused by COVID-19 is the potential for reemerging outbreaks and the resulting closures and shutdowns. While each state and city are at different stages of the pandemic the last four months has taught us that an outbreak of COVID-19 in a different state or region can have a negative impact on a local community. We serve clients based all throughout the country. That means an outbreak in New York or San Francisco may cause national advertisers or advertising agencies to pause or withdraw from campaigns in a local community due to a COVID spike in their area. Uncertainty of future outbreaks and shutdowns are causing businesses and organizations to significantly limit spending and, reduce marketing budgets and hold on to cash preventing them from purchasing advertising as they once did.

Changed Buying Behavior:

In a very short time we have seen significant changes in our customers' behavior. Businesses being closed, stay at home directives, event cancellations, school closures and the uncertainty of the future economic outlook have quickly caused our clients to pause nearly all new marketing efforts. We are seeing a significant drop in companies renewing their ad campaign and nearly all new campaigns have been put on indefinite pause.

To illustrate in numbers how the COVID-19 pandemic's negative impact on sales: As a company, for the months of March 1st through June 30th our sales were down 34.5% from same period last year. We are anticipating July 2020 to be approximately 30% lower than July 2019 and finally we are projecting that our company wide revenue for the year will be down approximately 25% from 2019. We are anticipating this trend to continue into first quarter 2021.



Houck Transit Advertising

As the leader of Houck my main goal is to ensure the long-term stability and success of the team that I employ so that we may continue to serve Waukesha well into the future. We feel that based on all of the factors listed and especially due to the future uncertainty of any possible reemergence of COVID-19 and the resulting potential economic impacts we respectfully request to amend the current transit advertising agreement in the following ways.

- Eliminate the Minimal Annual Guarantee for the timeframe of July 1, 2020 through December 31, 2020.
- Share revenue at the established 50% to Waukesha Metro & 50% to Houck on interior and exterior advertising space based on revenue collected.
- Revisit revenue share structure for 2021 in December 2020 and determine best course of action based on market and health conditions.

We fully anticipate continuing to lead a successful transit advertising program for your system but feel we need the requested changes temporarily so that we may continue to serve you for many years in the future.

I would be happy to discuss the reasons behind each bullet point above at your convenience and share our thoughts on anticipated revenues. Thank you for your consideration and I look forward to discussing further with you.

A handwritten signature in black ink, appearing to read 'Justin Houck', with a horizontal line drawn through the signature.

Justin Houck

President – Houck Transit Advertising

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