

**METROPOLITAN EXPOSITION-RECREATION COMMISSION
RESOLUTION NO. 96-28**

Authorizing an amendment to the Musical Theatre Agreement dated July 13, 1994 between the Metropolitan Exposition-Recreation Commission and Portland Opera/Jujamcyn Productions Company regarding the requirements for season ticket sales proceeds.

Whereas, Portland Opera/Jujamcyn Productions Company has successfully completed one season of a Musical Theatre Series and has demonstrated continuing success in the amount of season sales renewals for the second season; and

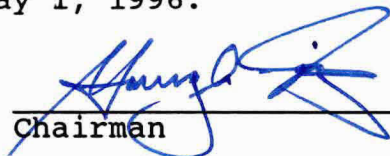
Whereas, the Metropolitan Exposition-Recreation Commission recognizes that Portland Opera/Jujamcyn Productions Company is an established presence in the Portland Arts community; and

Whereas, there are reasonable changes to the Agreement that can be accomplished to provide for a level of ongoing security of the ticket sales monies, yet provide more autonomy to Portland Opera/Jujamcyn Productions Company in regards to those monies; and

Whereas, the Metropolitan Exposition-Recreation Commission wishes to continue to receive compensation representing one-half of interest earnings on those ticket sales proceeds;

BE IT THEREFORE RESOLVED that the Metropolitan Exposition-Recreation Commission directs staff to work with legal council to effectuate the changes to the Musical Theatre Agreement detailed here and in the accompanying staff report.

Passed by the Commission on May 1, 1996.




Chairman



Secretary-Treasurer

APPROVED AS TO FORM:
Daniel B. Cooper, General Counsel

By: 

Mark B. Williams
Senior Assistant Counsel

MERC STAFF REPORT

Agenda/Item Issue: Approval of amendment to the Musical Theatre Agreement dated July 13, 1994, between MERC and Portland Opera/Jujamcyn Productions Company.

Resolution No. 96-28

Date: May 1, 1996

Presented by: Heather Teed
Pat LaCrosse

BACKGROUND AND ANALYSIS: The Musical Theatre Agreement between MERC and Portland Opera/Jujamcyn Productions Company (Opera/Jujamcyn) is for the term from July 13, 1994 through June 30, 1997. This term represents 2 seasons. Additionally, the Agreement contains some stringent requirements regarding ticket sales, use of ticket sales proceeds and sharing of interest earnings. These strict requirements were established based on the fact that the Musical Theatre arrangement was a new endeavor and that there had been a failure of a similar series in the recent past.

The Musical Theatre series concluded its first season with very successful results. Season ticket sales for the FY 1996-97 season have begun and the success is continuing with a high percentage of season ticket holders returning.

In light of the fact that one successful Musical Theatre season has been completed and that the requirements contained in the Agreement regarding ticket sales are fairly strict, Opera/Jujamcyn has requested changes to the Agreement. Their proposed changes are consistent with those approved by the Commission for the Broadway Theatre Agreement with Dan Bean Presents, Inc.

Staff proposes the following changes for the second season of the Musical Theatre Agreement occurring during FY 1996-97:

1. Under the current Agreement, control of the season ticket sales is accomplished through the use of an Oregon Bank account maintained by the Commission. The Commission may obtain these monies upon default of Opera/Jujamcyn. Further, the Agreement restricts the use of ticket proceeds monies by Opera/Jujamcyn prior to settlement of season shows.

The proposed amendment was designed to maintain a level of security for the Commission over the ticket sales monies, yet allow Opera/Jujamcyn more autonomy in the use of those proceeds. This will be accomplished by allowing the ticket sales proceeds to be deposited with Opera/Jujamcyn, in return for two letters of credit provided by Opera/Jujamcyn as follows:

Base Letter of Credit: This letter of credit, in the amount of \$100,000, provides security for MERC in the event of non-payment of guaranteed rent, show costs and/or taxes/fees, failure to remit ticket proceeds for a canceled performance, costs associated with defacement of the facility, or default by the Presenter.

Ticket Advancement Letter of Credit: This letter of credit will be in an amount equivalent to the ticket proceeds held by Opera/Jujamcyn at any point in time (adjusted periodically). This provides security to the ticket buyers. The Commission could draw on this letter of credit in the event a show, or the season as a whole, is canceled and Opera/Jujamcyn has not remitted the ticket proceeds back to us for disbursement.

2. The current Agreement stipulates that the Commission shall receive 50% of the interest earnings from the ticket sales proceeds. In order to remain whole in this regard, and to simplify the record keeping, we have agreed that a guaranteed amount (yet to be determined), in lieu of interest, will be paid to the Commission in equal increments over the four shows in the series. This amount represents a decrease over the interest earnings realized in the first season due to timing of ticket sales for the FY 1996-97 season.

FISCAL IMPACT: The revised terms regarding ticket sales proceeds may have a neutral or slightly negative impact in terms of revenues previously received through interest earnings. However, there will be some staff time/cost savings achieved through reduced record keeping and procedures.

RECOMMENDATION: Staff recommends that the Commission approve the changes to the Musical Theatre Agreement regarding ticket sales proceeds.