

# METROPOLITAN EXPOSITION-RECREATION COMMISSION

## RESOLUTION NO. 97-56

### The Metropolitan Exposition-Recreation Commission finds:

For the purpose of approving a multi-year Broadway Series Agreement at the Portland Center for the Performing Arts to begin in the 1998-99 Season.

#### Findings

1. By Resolution 97-47, the Commission selected the joint venture of Portland Opera, Jujamcyn Productions, PACE Theatrical Group and Dan Bean Presents for the right to negotiate for a single Broadway Series at PCPA to begin in the 1998-99 Season.
2. The Commission directed MERC staff to negotiate terms and conditions to meet goals and benefits to the community over the length of the contract; any tentative agreement shall be brought back to the Commission for its final approval, prior to the agreement becoming effective.
3. The MERC staff and representatives of the joint venture have reached a tentative agreement for an initial term of 5 years, plus 3 year extension period, with financial terms which maximize economic return to PCPA and benefits to the community.

THEREFORE BE IT RESOLVED that the Metropolitan Exposition-Recreation Commission authorizes the MERC Chairman and Secretary/Treasurer to execute the Broadway Series Agreement in substantially the same form as the attached Exhibit A.

BE IT FUTHER RESOLVED that the user fee applicable to the Broadway Series Agreement shall be as stated in the Agreement, notwithstanding any other User Fee policies adopted by the Commission.

Passed by the Commission on November 12, 1997.

  
Chairman

  
Secretary/Treasurer

Approved As to Form:  
Daniel B. Cooper, General Counsel

By:   
Kathleen A. Pool  
Senior Assistant Counsel

## MERC STAFF REPORT

**Agenda Item/Issue:** Approval of Broadway Series Agreement and authorization for execution of documents

**Resolution No:** 97-56

**Date:** November 12, 1997

**Presented by:** Harriet Sherburne

**BACKGROUND:** At the September 10, 1997 meeting, the Commission approved selection of a joint venture group to present a single Broadway Series at PCPA, beginning in the 1998-99 Season. Business terms and conditions were negotiated, as summarized in the Letter of Agreement dated September 16, 1997 and distributed to the Commission in a status report on October 3, 1997. The majority of the Agreement is the same as that for prior subscription series, with additional detail as required to satisfy the parties.

Under the Agreement, the presenter has the exclusive right to present Broadway Series at PCPA, scheduling priority equal to that of Principal Tenants, and the right of first refusal for the presentation of Broadway Theatre at PCPA. The initial term of the Agreement is 5 years, with extension option for 3 additional years, by mutual agreement of the parties and with financial terms open for negotiation. In exchange, the presenter has agreed to premium user fees throughout the term, higher rents and user fees in years 4 and 5, and have guaranteed a minimum 10 performance weeks each year as well as a total 60 weeks over the 5-year term. In addition, presenter will pay percentage of gross weekly sales as extra rent. The combination of assurance of 60 weeks of Broadway shows over 5 years, together with payment of specified rent, user fees, and percentage rent, provide predictable revenue towards long-term financial stabilization of PCPA.

**FISCAL IMPACT:** Analysis of the joint venture proposal forecasts generation of \$700,000 to \$800,000 per year for PCPA in rental, user fees and percentage rent in years 1 through 3, and approximately \$800,000 to \$1 million per annum in years 4 and 5, depending on the number of performance weeks and show attendance each season. Income is greatest if mega hits are booked as part of the event mix. For 5 years and 60 performance weeks PCPA income is estimated \$4.2 million.

**RECOMMENDATION:** The staff recommend approval of the negotiated tentative agreement as shown in Exhibit A, and authorization to execute the Agreement.