

METROPOLITAN EXPOSITION-RECREATION COMMISSION

Resolution No. 03-19

For The Purpose Of Approving The Terms Of An Amendment To The Broadway Series Agreement, Authorizing The General Manager To Prepare An Amendment Containing The Approved Terms, And Authorizing The General Manager To Sign The Amendment On Behalf Of The Commission.

WHEREAS, in Resolution 97-56, the Commission approved the Broadway Series Agreement between MERC and the joint venture of the Portland Opera Association, Jujamcyn Productions Company, and PACE Theatrical Group, Inc.; and

WHEREAS, the original term of the Broadway Series Agreement expires at the conclusion of the 2002-03 presentation year; and

WHEREAS, the Broadway Series Agreement provides that the agreement may be extended for three additional subscription seasons by mutual agreement of the parties, subject to renegotiation of financial terms and conditions; and

WHEREAS, PCPA staff has negotiated the financial terms and conditions of an extension of the Broadway Series Agreement with the Portland Opera Association, Jujamacyn Productions Company, and PACE Theatrical Group, Inc.; and

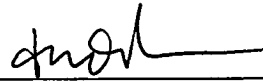
WHEREAS, PCPA has negotiated an extension of the agreement that will cover five additional subscription seasons, which PCPA believes is in the best business interests of PCPA; and

WHEREAS, PCPA staff recommends the terms of the amendment as terms and conditions that meet PCPA's business objectives and goals.

BE IT THEREFORE RESOLVED AS FOLLOWS:


1. The Metropolitan Exposition-Recreation Commission approves the terms and conditions of an amendment to the Broadway Series Agreement contained in the attached Exhibit "A"; and
2. The Metropolitan Exposition-Recreation Commission authorizes the General Manager to negotiate the language of an amendment that contains the approved terms and any minor "housekeeping" changes that may be necessary; and
3. The Metropolitan Exposition-Recreation Commission authorizes the General Manager to sign the amendment on behalf of the Commission.


Passed by the Commission on March 26, 2003.



Chair

Approved as to Form:
Daniel B. Cooper, Metro Attorney

By:  _____



Secretary-Treasurer

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MERC Staff Report

Agenda Item/Issue: Approval of terms and conditions of an amendment to the Broadway Series Agreement and authorizing General Manager to prepare an amendment with the approved terms and conditions and authorizing General Manager to sign amendment on behalf of the Commission.

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Presented by: Robyn Williams

Date: March 26, 2003

Background and analysis: On September 10, 1997, the Commission approved selection of a joint venture group (Portland Opera Association and what is currently known as Clear Channel Entertainment) to present a single Broadway Series at PCPA beginning in the 1998-99 season. 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 other Broadway Theater that should present itself to PCPA. The initial term of the Agreement was 5 years, with extension options for three additional subscription seasons by mutual agreement of the parties, subject to renegotiation of financial terms and conditions.

Proposal: As both parties find it desirable and mutually beneficial to continue the current relationship, new financial terms and conditions have been negotiated and are presented in Exhibit A. The new terms and conditions reflect PCPA's goals as set forth in the strategic plan, more predictable revenues and additional revenue participation when shows do well. This proposal also provides increased revenues for PCPA as ticket prices increase over time and includes incentives on both sides. The proposal reflects slightly reduced rental rates for the show weeks booked outside the normal season (summer) plus a combination of percentage rent and tiered rental rates that will provide additional revenue to PCPA when shows sell well.

Financial Impact: Based on recent Broadway seasons, rent and user fees will generate an additional \$400,000 over the length of the contract. Of course, this is dependent on the number of performance weeks, attendance and ticket pricing.

Recommendation: Staff recommends approval of the Broadway Series terms and conditions as reflected in Exhibit A and authorization of the General Manager to prepare an amendment with the approved terms and conditions and sign on behalf of the Commission.

Exhibit A

Term: Five years commencing July 14, 2003 through the conclusion of the 2008 season.

House Package: To include cleaning, equipment rental, front of house staff (ushers and ticket takers), house sound and lighting equipment, all permanently attached stage equipment, security, utilities, follow-spot rental, washer/dryer.

\$16,500 per week in the first year (03/04) with a yearly CPI increase not to exceed 3%. Pro-rated per an eight-performance week.

User Fee:	03/04	\$2.25
	04/05	\$2.50
	05/06	\$2.50
	06/07	\$3.00
	07/08	\$3.00

Base Weekly Rent:	High Season: September-May	
	Gross Under \$600,000	\$22,000
	Gross \$600,000 to \$800,000	\$24,000
	Gross Over \$800,000	\$27,000

Low Season: June-August (15% discount for summer months)

Gross Under \$600,000	\$18,700
Gross \$600,000 to \$800,000	\$20,400
Gross Over \$800,000	\$22,950

The above rates are based on 8 weeks of usage per season. If the Broadway Series books more than 8 weeks in a season there will be a 5% reduction applied to the base rent for all weeks during the season.

Pro-rated per an eight-performance week.

There is an annual season CPI increase not to exceed 3%.

Percentage Weekly Rent:	Gross Under \$600,000	0%
	Gross \$600,000 to \$800,000	1.5%
	Gross Over \$800,000	1.5%

Pro-rated per an eight-performance week.

Percentage rent is due in addition to base rent. Base rent and percentage rate capped at the following:

03/04	\$33,000
04/05	\$33,000
05/06	\$35,000
06/07	\$35,000
07/08	\$35,000

- Gross is defined as gross box office receipts less user fee.

Dark Time Weekly Rent: \$11,000 in first year (03/04) with an annual CPI increase not to exceed 3%. Pro-rated per seven days.

Miscellaneous: One full page in the show program for every show presented will be made available for use by PCPA. Presenter will make a "best effort" to place this page in the first half of the program.

It is agreed that the ad will be for the sole purpose of promoting such PCPA initiatives as the Keller restaurant, concession, venue, PCPA Kids Camp, Friends of the PCPA, etc. and will not be used for any purpose that would be deemed in direct competition with the Broadway in Portland series.

Letter of Credit: The letter of credit requirement will remain the same as the requirement in the original agreement.

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