

**A RESOLUTION APPROVING AN AGREEMENT
WITH THE PERFORMING ARTS AT METROPOLIS**

WHEREAS, on July 6, 2015, the President and Board of Trustees of the Village of Arlington Heights (“Village”) approved an Agreement between the Village and Performing Arts at Metropolis (“PAM”) related to the Metropolis Theater and School of Performing Arts located at 111 W Campbell Street, Arlington Heights, Illinois; and

WHEREAS, the Agreement sets forth certain practices to be in place for as long as the Village provides funding to PAM; and

WHEREAS, the parties have mutually agreed to certain modifications to the Agreement,

NOW, THEREFORE, BE IT RESOLVED BY THE PRESIDENT AND BOARD OF TRUSTEES OF THE VILLAGE OF ARLINGTON HEIGHTS:

SECTION ONE: That an Agreement by and between the Village and PAM, a true and correct copy of which is attached hereto, be and the same is hereby approved.

SECTION TWO: The Village President and Village Clerk are hereby authorized and directed to execute said Agreement on behalf of the Village of Arlington Heights.

SECTION THREE: This Resolution shall be in full force and effect from and after its passage and approval in the manner provided by law.

AYES:

NAYS:

PASSED AND APPROVED this 5th day of November, 2018.

Village President

ATTEST:

Village Clerk

AGGRES:Metropolis PAM

AGREEMENT

THIS AGREEMENT is made and entered into the 5th day of November, 2018, by and between the Village of Arlington Heights, a municipal corporation, ("Village") and the Performing Arts at Metropolis ("PAM").

WHEREAS, the Village owns the Metropolis Theater and School of Performing Arts, located at 111 W. Campbell, Arlington Heights, Illinois (collectively referred to as the "Theater") and leases the Theater to PAM to operate the Theater; and

WHEREAS, the Village has subsidized the Theater since its creation, with funding coming from the Village's Arts, Entertainment, and Events Fund since 2005; and

WHEREAS, the Village recognizes that it is important to the Village to have the Theater located in its Downtown; and

WHEREAS, in order to ensure the PAM Board continues to execute responsible oversight of the operations of the Theater and fulfills its obligations as the authority with ultimate fiduciary responsibility,

NOW THEREFORE, in consideration of the foregoing premises, the mutual covenants and promises herein contained, and for other good and valuable consideration, the sufficiency of which is hereby acknowledged, the Village and PAM agree as follows:

SECTION ONE: This Agreement is intended to establish the parameters under which the Village may provide funding to PAM on an annual basis. It is understood that the Village's decision to provide funding in one fiscal year is not intended to be a commitment to provide any funding at all or funding at any level in a subsequent year. The determination as to whether to provide annual funding shall be made by the Village in its sole discretion.

SECTION TWO: The Village may provide two different types of funding. The first type is "operational funding", which will be disbursed quarterly in each year that such funding is budgeted. The amount of operational funding will be determined on an annual basis, as part of the Village's budget process, after receipt of a funding request from PAM.

The second type of funding is "reserve funding." If the Village, in its sole discretion, decides to provide reserve funding, it will be in an amount determined annually by the Village, usually as part of the budget process. There are two types of reserve funding:

- a. Restricted Contribution Reserve Account (RCRA) - The RCRA is funded through an annual allocation determined through the Village's budget process. It can only be used for emergency or unusual operating expenses incurred by Metropolis. If PAM seeks to use any of the funds in the RCRA, a request for such expenditure must be made in writing to the Village Manager, not less than 30 days prior to the desired withdrawal date, if possible. The request shall include an explanation of why the funds are needed and what they will be used for. Within five days of receiving a request, the Village Manager will notify the Village Board of the request. The Village Board will then make a determination as to whether the requested funds from the RCRA should be released to PAM.

- b. Reserve for Replacement Account (RFRA) - The RFRA is funded through an annual allocation determined through the Village's budget process. The RFRA is used for higher cost building/equipment typically in excess of \$5,000 and which has a useful life of at least two years. Expenditures from the RFRA are subject to the Village's Purchasing Policy and Procedures. Any building/equipment asset purchased by Metropolis or for Metropolis through the RFRA is a Village asset. Withdrawals from the RFRA in excess of the Village Manager's purchasing authority level are subject to Village Board approval.

SECTION THREE: This Agreement shall run for as long as the Village owns the Theater and PAM requests funding from the Village, commencing on the date set forth above.

SECTION FOUR: The Finance Department shall serve as the primary liaison between PAM and the Village for this Agreement. A member of the Finance Department, appointed by the Village Manager, shall serve as the Village liaison to the PAM Board.

SECTION FIVE: As a condition for receiving funds, PAM will provide the Village liaison with the following reports on a monthly basis. Reports shall be provided within 25 days after the completion of each month. The Village liaison may request reports more frequently or additional reports and such reports shall be provided by PAM in a timely fashion. At a minimum, monthly reports shall include the following:

1. Balance Sheet
2. MTD Income Statement v. MTD Budget
3. YTD Income Statement v. YTD Budget
4. Monthly Statement of Cash Flow
5. Cash Flow Projection
6. Copy of Bank Statement/Bank Reconciliation Report
7. Accounts Payable Aging Summary
8. Accounts Receivable Summary
9. Check Register
10. Restricted funds report

Within 25 days after the completion of each quarter, PAM shall provide the Village with a memo describing its quarterly financial and operational results for distribution to the Village Board. The memo shall include a comparison of actual to budgeted monies, as well as information on all restricted funds.

SECTION SIX: PAM shall pay to the Village, on or before the 20th of each month, an amount equal to the CAM fee assessed by the Metropolis Commercial Condominium Association for the Theater. The Village will send PAM an invoice each month for the appropriate amount. The Village shall provide PAM with an annual reconciliation of the CAM expenses and the percentage of ownership attributable to PAM and the Theater within 30 days of the end of the fiscal year of the Association.

SECTION SEVEN: The PAM Board will consist of nine members, each of whom shall serve three year terms. The Village will appoint four members to the PAM Board, one of whom shall serve as President. At least two of the Village's appointees shall be Village residents. The Village shall have the opportunity to review PAM's new bylaws, prior to their adoption by the PAM Board, as well as all future amendments, to ensure compliance with this Agreement. No later than three years after the effective date of this Amended

Agreement, the parties will review the operations to determine the effectiveness of the PAM Board.

SECTION EIGHT: It is recognized that the handling of information related to Theater operations may require access to confidential information. Both parties agree to keep such information confidential, to the extent permitted by law.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the day and year first above written.

PERFORMING ARTS AT METROPOLIS

VILLAGE OF ARLINGTON HEIGHTS



President *Stephen C. DADAY*

Village President

10-16-18

Date

Date

ATTEST:

ATTEST:

Village Clerk