



MINUTES

President and Board of Trustees
Village of Arlington Heights
Committee-of-the-Whole
Board Room
Arlington Heights Village Hall
33 S. Arlington Heights Road
Arlington Heights, IL 60005
October 2, 2014
7:30 PM

I. CALL TO ORDER

President Hayes called the meeting to order at 7:30 p.m.

II. PLEDGE OF ALLEGIANCE

III. ROLL CALL

President Hayes and the following Trustees were present: Farwell, Tinaglia, Scaletta, Rosenberg, LaBedz, Sidor, Blackwood, Glasgow.

Staff Members Present: Interim Village Manager Diana Mikula, Assistant Village Attorney Robin Ward, Finance Director Tom Kuehne and Village Clerk Becky Hume

IV. NEW BUSINESS

A. Performing Arts at Metropolis Request for Additional Funding

President Hayes stated this was a Special Meeting of the Committee of the Whole. He said that this was a special time in the Village regarding the Metropolis Performing Arts Center and that there was a critical decision to be made from a policy standpoint. In 2005 the Theater and offices were purchased by the Village and since then, the Village has been providing a subsidy and capital improvement monies. All funds for the subsidy and capital improvements come from the .25% Food and Beverage Tax levied against patrons who eat at restaurants in town. The money that supports Metropolis does not come from property taxes. This situation was specifically designed to keep the tax subsidy off of the residents. However, tonight the Village is at a cross roads from a policy perspective. He said the Metropolis is a critical part of the Village's vibrancy and rounds out the quality of life for residents both directly and indirectly. He said his goal was to look for a way to keep it as an integral part of the community.

Ms. Mikula said that on September 24, the Village received a request for additional funding from Neil Scheufler, Acting Executive Director of the Performing

Arts at Metropolis (PAM). PAM received its entire annual subsidy from the Village as of August 2014. PAM is requesting an additional \$450,000 from the Village's Arts, Entertainment & Events Fund (A, E & E) to allow it to pay down its \$300,000 accounts payable balance and provide \$150,000 to ensure continued operations through April, 30th 2015.

There appear to be two options before the Board to resolve the immediate financial situation. The first option is the dissolution of PAM. The Village owns four of the eight condominium units at the Metropolis building; the theater, the lobby on the first floor, and the entire second floor. Whether PAM closes its doors or not, the Village is obligated to pay any past due Common Area Maintenance (CAM) charges currently owed by PAM, the Village's tenant. The Village would also be required to pay any future and ongoing CAM and building reserve charges without a new tenant. As of September, PAM's outstanding CAM charges amount to \$106,881.10. Ongoing CAM charges would be \$6,368.70 per month. There are sufficient funds in the A,E and E fund to cover the past due CAM charges. Although it would be difficult to quantify, this dissolution option would likely have an adverse effect on downtown restaurants.

Option two is to provide the additional funding as requested. PAM believes that this annual subsidy is needed to stay afloat through April. This would permit PAM to pay any past due accounts payable, as well as the ability to cover current CAM charges through the end of the fiscal year. The A, E & E Fund currently has a fund balance of \$282,000 and a reserve for replacement of about \$400,000. These Village Funds provide sufficient funds to cover this request. This option would provide additional time for the Village to decide whether to dissolve PAM and close the Theater; consider additional funding sources to provide for an increase in PAM's annual operating subsidy, or to explore other agreements or structures for the Theater's operation in the future.

PAM Board representative **Carl Anfenson** said that he is not happy about the organization's current financial condition. The PAM Board is still very enthusiastic and energized by the potential that Metropolis has to be a centerpiece of downtown. The money requested will fill an immediate need (vendor payables), allow them to complete the season, and gives them the opportunity to enact a new business plan. The Theater has been trying to do too much with too little. New leadership is needed, special people need to be in place in the roles of executive director and artistic director. This request is not just about keeping the doors open, but about investing in Metropolis. The PAM Board needs to perform a search, which will take some time. They intend on increasing the budget to get the right individual. This is the slow season as far as cash flow. The Gala and Village money all come at the beginning of the year, but then Metropolis income is slow until the holiday season. PAM needs support from a lot of different angles, the Village, the patrons, the community, and key sponsors.

Chris Dungan said historically Metropolis presented 60 shows representing 350 performances and that model is not feasible. The staff and marketing dollars can't support that many shows. Less is more, so they plan to have fewer

performances and have them be of high quality. By cutting the number of shows, they can increase the production budget. Each show needs to drive a higher capacity. This high quality will drive more sponsorship dollars and more donation dollars. They also need a smaller and stronger staff. Staff has been underpaid, so the talent has not been there. Higher quality staff needs to be hired. A strong Executive Director, an Artistic Director and a strong finance person are required. PAM needs stronger reporting and stronger financials.

Mr. Scheufler said that by cutting the number of performances to about 180, they will then have flexibility to add outside shows as they come along. Metropolis has had to pass on a number of performances because the Theater was already booked. Currently, they are working with a major theater in Chicago in a partnership to bring shows to Metropolis. The goal is to add more credibility to the kinds/types of shows. The PAM Board is also exploring expanding their current partnership with Second City. By not completely booking the theater in advance, there is also time for more flexibility to allow community activities, schools, and the teen film festival.

Trustee Sidor said he looks at Metropolis as a brick and mortar asset of the Village. PAM is a separate issue. He said he would like to see the asset leveraged to its potential, whether that's with PAM in a completely different structure, or another entity that can come and propose something else. The PAM ideas sound wonderful but he has heard a lot of wonderful things from PAM in the past that did not pan out. Whether PAM is the entity that helps the Village develop this asset or another management company, he would like to explore other opportunities.

Greg Hanson, 304 N. Haddow, said he supports the performing arts. He said he agreed with Trustee Sidor. He said that the Metropolis has been here many times. In 2012, they asked for \$300,000 to enable them to become productive and self-supporting. They had a plan toward profitability then. Now they are asking for another \$450,000, the largest amount yet. Mr. Hanson asked if it will ever be profitable.

Keith Moens, 636 S. Cleveland, said Metropolis will never be a self-sustaining entity. He said Mark Anderson flipped it to the Village because he saw Metropolis was a loser. Then the question is this, how much tax money is the Village going to throw at it. If this is the Village's economic engine, then the vehicle is very broken. Metropolis receives 25% of its revenue from shows, that's not a massive contribution to the arts. The Park District could run the school. The A, E & E tax money could be used elsewhere, he asked the Board to give homeowners a tax break. He said Metropolis is a relic of a bygone era of build-it-and-they-will-come. He likened the Theater to a 6th grade football team trying to play the Bears. He gave the Board three rules used by commodity traders; 1. The first loss is the cheapest, 2. Never let your losses run, 3. Don't talk yourself into a position. Don't look to things to support what you feel. He said it takes a lot of courage to get out of a bad trade. Do not give Metropolis \$450,000.

Ken Nielson, 2620 N. Highland, said he is not against the Theater, but he is opposed to the need to keep putting money into a situation that doesn't seem to be able to change. Most theaters have substantially more seating than Metropolis, which he thinks is a large part of the problem. There is a lot of financial experience on the Board; he asked how this valuable entity can sustain itself. He noted that the theater in Niles was torn down because it wasn't profitable. He said the Theater is a business and it has to figure out how to make money. The Village can't keep sustaining losing entities.

Laurie Taylor, 2715 N. Windsor, said she doesn't want to lose Metropolis, but the Village needs to think how it should keep the Metropolis. She said there should be a plan to repurpose the space within the theater. She suggested that it could be converted into a black box theater that accommodates small productions. She said these kinds of theaters are opening all over the country. She suggested partnerships with chamber music groups and Harper College; downtown could be like Oak Park. She suggested putting a project plan together with accountability and timelines in place to be sure the plan is working.

Mary Beth Canty, 612 E. Euclid, said that Metropolis is more than just a building, more than brick and mortar, and more than just a business. She said a lot of theaters don't make a profit. As a performer, the theater is home. She said she had a rough transition after her move here in 2008. She now takes acting classes at Metropolis and actually ran into a high school friend from Virginia. Her son's dream is to take classes at Metropolis just like mommy. He loves attending the Theater and shows and now asks when can he go too. It's more to the people of the community and it should mean more to the Board than just a business, than just a building, than just something to make a profit on. It is home to the people of your community, and the Board should take pride in that.

Steve Weber, 1004 N Derbyshire, said from a nuts and bolts standpoint, whenever a list of which places are the best to live in, culture is at the top. Those lists affect property values. He compared historical charts over the last ten years comparing housing prices to the Village's neighboring communities. Arlington Heights is 10% higher than those other communities in terms of recovery since 2006. He said the \$450,000 represents \$6 per resident, but equals a \$33,000 increase in his home value. He said he would take that cost ratio to home value any day. He asked the Board to consider that aspect, Metropolis is the centerpiece of the downtown area, and the downtown area accounts for those home value numbers.

Frank Appleby, 10 S. Dunton, said he is an active supporter of Metropolis, a longtime donor, and a past member of the PAM Board from its inception. His business is also a vendor, service provider and contributor. Metropolis is an asset to the community. There is difficulty in defining its value. The relationship was originally designed as one of landlord/tenant, but now the Village is a financial provider versus financial user. If Metropolis is receiving money from the Food and Beverage Tax, it doesn't really need his money. The Village should continue to support Metropolis and acknowledge that the relationship is now that of a

financial provider and take an active role in the overall business itself. He suggested that a performing arts commission be created to govern the operation with a direct line to the Village Administration. In doing so, there would be no surprises and there would be direct input and a set amount of funding. Organizations must manage within their means, but Metropolis needs to know what its means are. He said that an independent study of the value to our community should be conducted. Since the Village is the largest funder, it should have the largest voice in Metropolis itself.

Charlotte Weber, 1004 N. Derbyshire, said culture is what brings people to a community. Ever since the Village has had Metropolis, this little Village has grown immensely; she said there is an excitement walking downtown. Her grown children notice the difference from when they grew up here. She said the Village was dark and dull on the weekends in 1997. Metropolis has brought a lot of people here, as a retiree she is taking advantage of Metropolis by taking acting classes there and receiving excellent instruction. A lot of the classes are filled with people from other communities. It's not just a brick and mortar building; it's the heart that does a lot for the Village. All theaters are struggling, even the Lyric struggles; small theaters need the community to want them. The Village is lucky to have it.

Kevin Hlousek, 1515 S. Algonquin Dr., Schaumburg said that he understands the brick and mortar concept. He said that he is a theater consultant, director, performer and project manager. He asked the Board why it has done it this way and how come it took so long to find out it wasn't working. He said the Board should decide what it wants to accomplish and then propose how to do it. He said to compromise, the Village can't just shut it down, but it needs changes. He said Metropolis needs someone to come in with a strong background, do an assessment, look at the business plan, the artistic plan, how you are promoting, and what kind of acts you are bringing in. That will be the only thing to keep it going.

Steven Sharer, 517 N. Dunton, said he enjoys being able to walk to the Theater. The Village has a reputation for its Library, schools and Park District. Now, it also has a marvelous Theater, with a reputation as being one of the best theaters in the area for what it does. Over the years the Village has supported those things that made its reputation. He said he would like Metropolis be treated as an asset like the Library, schools and Park District. He asked the Board to find a way to get it done.

Tom Manetti, owner of the Metropolis Ballroom said there are so many wonderful stories as to why to keep Metropolis open. Its impact is hard to measure. Since the articles regarding the Metropolis' financial troubles have been going out, it has negatively impacted his business. When he bought his business, it had a failed reputation; he took a chance and turned things around, now, business is up again. The Theater closing would have a tremendous impact and would affect a lot of businesses in the Village.

Judith L'Amoreaux, 44 N. Vail, said she is an active supporter of Metropolis. She strongly believes that it is an asset. She said she has a unique perspective and sees the busses lined up in front of the Theater full of children coming to see a show. It's less expensive for the Village's children to be exposed to the theater. There are people in the streets and a lot of them going to Metropolis, then to a restaurant. The Theater has a real impact on the restaurants.

Adrian Brigham said that he saw this train wreck coming for years. He is in the industry and deals with hundreds of theaters. Some are run terrifically, all sizes. He mentioned one in Del Ray Florida that does terrifically. He said those that are not managed well often have large subsidies from local governments because the accountability is gone to provide entertainment that the market wants. He said he has had unreturned voice mails and emails when he has tried to bring acts to the Metropolis. He said he has dropped it from his list because he has more important things to do. There are routing opportunities whereby well-known stars passing between two major shows could appear there. Metropolis has a better location than other theaters around. He has tried to rent the Theater, and promote the shows himself, but was told there were no dates available or that the Theater didn't want to do that because it would pull ticket sales from the weekend event. He offered to rent the venue on a Wednesday for a matinee, how would that hurt a weekend show? What kind of acts do they have if they are worried about a weekday matinee? He said if the Village wants to save it, they should close it and actively seek a buyer, which would be difficult because of the seat count and a bad reputation financially, or bring in a professional management company/promoter, or do it yourself -dissolve PAM and start from scratch with the right people.

Linda Scheufler, 911 N. Fernandez, said that she assists in the Hersey High School Theater Department. In this capacity, she hears a lot of praise about the Metropolis staff and facilities. She noted that Chicago theaters have tons of financial support. Theaters cannot run just on ticket sales. Rent.com just praised the Village in part because of Metropolis. The Village should not just be a bedroom community. Schools bring in curriculum like World War II and the children then have a chance to explore history through seeing The Diary of Ann Frank and similar productions. She said the magic comes alive and expands their points of view.

Harriett Leo, a Glen Ellen resident, said she has never been to Metropolis, but she shared that in January 2005, the Arcada Theater in St. Charles closed because of the same situation. It then opened under new management (Onesti Entertainment) and now supports over 100 shows a year. Over 100,000 people attend these shows annually. Many people come from out of state. It has expanded offerings from rock/country/movies and rents the theater for corporate and private events. Concert specials are filmed there. In August of 2013, its annual economic impact was over \$2,000,000. She said Metropolis needs what Onesti Entertainment provides with Executive Directors, new staff, accounting and promotion.

Leslie K. Meredith, 315 W. Vine, said she was born here. Coming back to the area after many years abroad, she did not want to live in a suburb. However, she was persuaded to relocate to the Village and Metropolis was an important part of that decision. She said she liked being in a walkable community with open-mindedness and creativity. She said her child took advantage of lessons in instruments, improvisation, and musical theater. Ms. Meredith is now taking singing lessons herself. She said she likes being exposed to new and interesting high quality entertainment. Theaters are never self-sustaining, and it would be wise for the Village to become a patron in a more formalized way. Metropolis clearly needs to restructure the business model. She said she would like Metropolis to stay where profit is not the only motive.

Anthony Priola, owner of Circa 57 restaurant, said one of the values when he was purchasing his property was the Metropolis Theater as well as the vibrant downtown area. He said his restaurant immediately became a sponsor, the Theater is a brick and mortar asset but also a cultural asset without question. It makes the Village so vibrant and gives the community something to come to, not only for the shows but also the children's programs. The school groups and buses that come bring an invaluable vibrancy to the downtown. He said experience and expertise in the field is needed. A concerted marketing effort is needed. The Village created a downtown dining and entertainment district with restaurants, bars, and nightlife in the downtown area. It has been recently rated a top 5 date night destination community in the U.S. Keep the doors open, put the funding in, spend time on it, and find the right solution.

Arlen Gould, 2800 N. Vista, said his wife always wanted to live in Chicago. Now she won't leave Arlington Heights because of what the community has to offer. The Metropolis Theater is the heart of the Village. The Ballroom has hosted weddings, bar mitzvahs and parties; it's the glue that keeps community together. The question is how it survives, not if it survives. Chicago built buildings that people live in, dine in and to which they go to the theater. This draws population growth into the city. All kinds of other cities are trying to figure that out. We need Metropolis as part of our community. Find a way to move forward whether it is with new management or not.

Jim Bertucci, Chamber of Commerce Board President, is also a resident and financial supporter of Metropolis. As tonight's representative of the Chamber, he said that Metropolis is part of the brand of Arlington Heights, it is meaningful. As the business community, the Chamber understands that not everything is profitable; the Library is not, the Park District is not, he asked if profitability was the most important thing. He then read a statement from the Chamber of Commerce supporting the continued financial support of Metropolis. Investments that the Village had made in cultural events including Metropolis have helped sustain the brand of Arlington Heights and helped the businesses thrive. Residents identify these events with the community. The Chamber also supports an increase of the Food and Beverage Tax of .25% to help the Theater thrive in the future. He said that the Chamber vote was not unanimous. The Chamber Board recognizes the need to trust the elected officials but at the same time,

there need to be some changes. He also said that the Chamber gave a vote of confidence to Interim Director Neil Schuefler.

Ted Balcom, 2103 E. Sherwood, said he has concerns about the situation. He is a strong supporter of Metropolis and makes an annual contribution. He would be very sad and unhappy if this great entity disappeared from the Village. Metropolis makes the Village special. As former Chair of the Arts Commission, he remembered when the creative staff from Metropolis went into the elementary schools and worked with students to write plays, and then those plays were performed on the Metropolis stage by the actors. The children enjoyed that experience so much and will remember that from their childhood. He said it was a special experience, and one of the things we do in Arlington Heights, that many other communities have not been able to do. He asked the Board to keep it going. The Food and Beverage Tax allows us not to take money from property owners.

Gary Colabuono, 2022 E. St. James, said that in looking at his credit card receipts from last year, he spent \$700 on ticket sales, and \$2,000 in restaurants on the nights of performances. He said the restaurants would take a hit if the Metropolis closes. He urged the Board to keep the Theater open but have more oversight and be a partner in running it.

Donald Long, 927 N. Ridge, said he has a theater degree from Occidental College. He said Metropolis has failed and now they are asking for more money. The Village Board has failed for not watching over PAM, and that is their job. He asked where the accountability is. He said there are water problems and street problems. He told the Board not to throw good money after bad. Stop the bleeding. Close it and go back to the drawing board.

Each Trustee shared their personal experiences with Metropolis, their individual financial support of it and all agreed that the Theater and School of Performing Arts helped the local businesses and general atmosphere of the Downtown.

Trustees also agreed that none of them want to see it closed permanently.

Trustee Blackwood said the not-for-profit PAM organization is asking for the money to take care of its payables and to move forward. She said it is not her job as a Trustee to control a not-for-profit. But if the check is written then accountability becomes her responsibility. She expressed concern with the request for additional funds. Trustee Blackwood said oversight of the Theater is the question. It needs a good manager, someone who has experience in entertainment and can take advantage of this venue. Programming has to be on par, of a high quality, relevant, diverse and on trend. She said that she was not convinced that a not-for-profit being responsible for the financial direction of this Theater is the way to go. The group would be great doing fundraising, like Friends of the Library. Whatever money is offered up from sales tax, people are paying it, a tax is a tax. She said the Board's decision is; do they give the money to the current 501c3 and make sure the Village has an active part moving forward, or does the Board go to a professional group. She said the paradigm needs to change. The Board also needs measurable goals on the group that runs the

theater.

Trustee Scaletta said Metropolis is an asset to the community but it has lots of problems. The direction of the Metropolis is disappointing and makes him sad. He said he has lost confidence in PAM as it has not fulfilled its promises. He said he doesn't know if the confidence can be regained. He said he doesn't know if the new direction needed will come from the people on the current PAM Board. At the last Budget Hearing, he said he would support the subsidy this year, but if spending was not controlled his support was questionable. He said he would not support the current arrangement for fiscal year 2016. Trustee Scaletta gave a history of the failed cash flow situation and unfulfilled promises by PAM from 2012 to today. He is disappointed to hear people say that if the Village had not reduced the subsidy to Metropolis, everything would be okay. That is not true. In 2012, when Metropolis came for an additional one-time payment of \$300,000 to create a reserve because there were cash flow problems, he said he could not support it because he could not get any controls to guarantee the money would not be wasted. It was gone within a year. He said if he can't control the money he can't vote for it. The Village Board can't manage Metropolis; it's a huge job, that's why they have their own board. The PAM Board is made up of professionals and the Executive Director reports to them. At some point it turned around and the Executive Director seemed to be in charge with the Board reporting to him. The Executive Director needs to be held accountable. He said the Board needs to direct staff to create the criteria for a study on the Theater's impact on the community. Metropolis is important culturally and bringing people downtown. The Village needs to ascertain what level it helps the restaurants and retail. He noted that many people cited that Metropolis is the glue that keeps us together when in his mind; it's the one issue that truly pulls the Village apart. Trustee Scaletta said it comes down to four choices: 1) find a new tenant, 2) find a management company to operate the theater, 3) terminate the lease, create a commission and create a foundation, or 4) sell the property. He said the current situation is not working and a new direction must be found. He said he wants to see the Theater survive, but cannot support it in the continued direction. He said he was very frustrated.

Trustee Glasgow agreed, saying he cannot continue to support PAM knowing that the same thing is going to happen; a different result can't be expected without a new set up. He said the Metropolis School is as important to some children as the basketball court was to his daughter. He would not want that option closed. He said he wasn't sure if an additional .25% Food and Beverage Tax is warranted. The study from 2002 echoed some of the things said tonight. There is a great disparity in funding between now and prior budgets. It's time to end the charade that the Village Board is not in the theater business. The Village is now in the theater business, it owns the property, it is Metropolis' biggest donor, and it makes sure the doors stay open. He said there does need to be an Executive Director that is beholden to the Village that reports to the Village Manager because the Village provides the lion's share of the funding. The Board is the steward of the taxpayer money. Selling the property is not realistic, letting it go dark is not realistic. But the Village should have some control for the money

it is putting out.

Trustee Glasgow read a proposed motion to be considered later; the request for \$450,000 is approved contingent upon PAM yielding control of operations to the Village. The Executive Director of Metropolis should be hired by the Village. The salary of the Executive Director shall be paid from a line item specifically budgeted by the Village Board each year from the Metropolis funding. The Executive Director should serve for an indefinite term by appointment made by the Village Manager. The Executive Director shall have the following duties; to assist the Village Manager in the administration of the Village interest in the Metropolis Theater, to hire such persons and engage in agreements as necessary to administer said duties subject to any regulations established by law and subject to the approval of the Board of Trustees. This Director shall annually make a report to the Board of Trustees as to the administration and well-being of the Metropolis Theater operations.

Trustee Glasgow said the Village Board needs to understand that this will not be a money making operation. The Arts do not make money, the decision is, is this something the Board wants to fund.

Trustee Labeledz said it was disappointing to hear of these issues as a new Board member. She was disappointed when the teaching relationship with Second City disappeared. She said she was in favor of the \$450k provision. She said the Village has been more than a landlord for a long time, and the Board needs to own up to that. Whatever the structure becomes it will be difficult to find leadership if the organization is not stable. It's more than not being profitable; it's this "season on the brink" situation every year. The community wants the organization to be run on a professional level. It is important to keep Metropolis open and help it thrive.

Trustee Tinaglia said this is a really polarizing issue. He said the Theater was doomed from the start; it was too expensive to build and to buy. It is a hard animal to make work for a myriad of reasons. There have been a cluster of poor decisions, based on bad information and impossible goals. It is impossible for this Theater to be self-sufficient, after learning the numbers and difficulties. He said the Board should not try to band aid it, the Board should send it down the road so it can thrive. PAM should capitalize on some of the ideas that were presented tonight. Metropolis needs alternative funding, marketing, and a team approach. It should cooperate more with businesses to offer combo packs, ticket and restaurant deals and the like. It should program the kinds of acts that are relevant and track and control the funds. It must be someone professional. The Downtown used to be nothing but bars, with one decent restaurant. This Theater is a part of the fabric of our families. He said he would do everything he could to send it down the right path.

Trustee Rosenberg said he was one of the two "no" votes when the decision was made to purchase the Theater. It was said back then, that this would cost \$400,000 a year. He didn't believe it, hoped it wouldn't be that number, and for a

number of years he thought it would work out. The last few years' of financial information regarding Metropolis was wrong. He said when the \$300,000 was given in 2012 he asked for oversight, but was told the Board would be micromanaging. He said he still does not know how much it costs to operate the theater. He agreed with doing a study to see what the viability is. He would like to be cautious in how the money of the residents is spent. He will have a hard time giving money without oversight. There has to be a different way to keep track of the money, but he doesn't agree that the Village should hire the Executive Director. The Metropolis could use the talents of professionals in the industry to find a new direction. He is in favor of paying the old bills, but as for additional money, he would like to know how it would be spent.

Trustee Farwell said Metropolis is more than just a business, as the Theater brings an incredible amount of life to the downtown. When the A, E & E fund was created, it was to subsidize special events and the Theater, but it is not a real estate tax, it's a discretionary tax. Trustee Farwell read a letter signed by the restaurant owners of: Peggy Kinnane's, Berry Yo, Salsa 17, La Tasca, Armand's and Circa 57 in support of the Theater. In the letter they said they would support an increase in the A,E & E tax to help bridge the gap. Trustee Farwell said he was not interested in bridging a gap, because the situation will continue to bleed out if the same path is taken. He noted that actual businesses either via the Chamber or their own communication are stating that the Theater is important to their business and are willing to increase the tax on their own customers. Most residents want to keep the Theater based on the emails he received and the speakers tonight. However, PAM may not be the best operator of the space. Pulling the plug on PAM doesn't help the owed Condo Association charges, or make the other obligations go away. Many theaters have closed with hopes of reopening, like Des Plaines, Du Page and Crystal Lake. He expressed concern that it might be more difficult to reopen after a shut down, so he believed the Village should be doing something to keep it open. He expressed a concern of expanding government if an Executive Director was hired by the Village. He said he is in favor of the request for \$450,000 with the idea that the Village's Administration would work with PAM to conduct a study to bring to the Village Board a recommendation of a new business model of how it would move forward in 2016 and at that time, if the Board is not satisfied with the new model, then the PAM Board would disband and the Village Board can entertain other ideas.

Trustee Sidor clarified that he does believe that Metropolis is more than a bricks and mortar building; however, he wants the best operator for this important space. He would like to look at different models. He said an independent study would be appropriate versus one that staff and PAM conduct because his faith in PAM has waned. The Performing Arts School is good, so keep it open. He said he also doesn't want it to close during the profitable season, but asked PAM to delete shows that don't have the numbers. He said it is difficult to authorize \$450,000 whereby the Board is doing the same thing that hasn't worked for years. Mr. Siegel advised the Board, in the inception of this relationship, to have ultimate or a major portion of control if a subsidy was being given. He said intimate theaters are the way to go, and he thinks the space can be successful.

President Hayes said from what he heard this evening there is consensus in keeping Metropolis open under a new model and the PAM Board conceded that this is necessary as well. The emails received by the Board were overwhelmingly in support. There is a vocal minority that would like to see the Board stop subsidizing the Theater. This is one policy step in resolving the problem. It seems as if most Trustees are in favor of approving the funding request to give the Board additional time to determine what the model should be going forward. He asked Mr. Kuehne to talk through the current numbers.

Mr. Kuehne said that the current numbers from PAM Board are accurate in terms of their financial status. They have been looked at by a variety of qualified individuals. If the numbers are not totally accurate, they are very close. An independent audit would need to be completed by an outside consultant. As far as quantifying the financial benefits of the Theater, that's the million dollar question. If the theater pulls in 350 patrons who spend \$40 each for dinner, that's \$14,000 x 400 performance nights equals about \$5.6 million dollars, the Village would receive a Food and Beverage Tax of 1.25% that would be \$70,000, and another + 1% in Sales Tax for \$56,000 so the total would be a \$126,000 direct benefit to the Village. That is different than the benefit to the restaurants.

President Hayes said he was not prepared to vote on Trustee Glasgow's proposed motion at this point. He also agreed that oversight is necessary. **Trustee Glasgow** agreed that the time was not right to vote on his proposed motion. He reiterated it is difficult to spend \$450,000 without any oversight or control. Perhaps a separate director will be the answer somewhere down the road.

President Hayes asked if there are private companies that can provide studies that look at theaters. **Carol Cohen**, Executive Director of Haven Theater Company, and a new PAM Board member, said that there are resources through Columbia College that she can look into. She stated that no one is making money in theater. All theater is subsidized through grants, donors or municipalities. She agreed with Trustee LaBedz that it will be difficult to find an Executive Director when the future is uncertain.

President Hayes clarified that he was looking for the Theater to be sustainable, not necessarily profitable. He said he was willing to provide a subsidy on an annual basis from the A, E & E account in order to sustain the Theater. He would also consider an increase to the Food & Beverage Tax. The Village needs to step up and take an active role. He wants to make sure that the workable model justifies funding levels. He said that everyone realizes this is the crossroads, and all the creative ideas need to be put together to make something that is sustainable. He said he wants to ensure that a new model is put forward.

Mr. Anfenson said that working together, communication shouldn't be a problem, the PAM Board's appointed members will report to the Board of Trustees. Rejuvenation is needed to bring the brand back. He said PAM would be forthcoming with numbers. **President Hayes** proposed an oversight committee staffed by two Village Board members, two PAM members (Ms. McCarthy and Ms.

Bonder) and Mr. Kuehne and Ms. Ward. **President Hayes** said that communication and oversight is a condition for approval of giving the money tonight and in developing the new business model.

Trustee Scaletta said this is the first time since 2007 that the entire PAM Board has come to a meeting. He said it has been so frustrating and at the last budget meeting the Village Board hammered Mr. Beck because things didn't make sense, and all PAM got was a summary from Mr. Beck. He said PAM needs to control every expense. PAM sets the priority, not the Executive Director. If PAM is in charge of the money, the collective Board is in charge, take votes. Also, PAM should be involved in setting the season. The connection between the Village and PAM has been lost. Communication needs to improve; the Village Board should not have to chase PAM for information, the Village Board doesn't even know who is on the PAM Board. There needs to be an open dialogue, this Board feels like it was lied to.

Trustee Blackwood encouraged PAM to speak with Mr. Brigham and Ms. Leo and to explore the audience recommendations. She said it was important to incorporate various facets of expertise in the new model. Grab everything you can as quickly as you can and come back with a solid plan. Then work the plan.

Trustee Tinaglia said an independent study is needed, done by a professional consultant. This will help determine the ultimate future. **Mr. Anfenson** said that partnerships will be explored and encouraged. **Trustee Tinaglia** would like to find out how much Village ownership is really required, from an annual contribution. He would also like to know if changes need to be done to the facility, and the corresponding costs. He said it would not be impossible to add another couple hundred seats.

Trustee Farwell recommended that the Village Board grant the request for funds of \$450,000 contingent upon PAM working directly with the Village's Administration to contract an independent study for the purpose of recommending a new business model for the Metropolis Theater. The Administration is to return to this Board with a recommendation of how it intends to work with PAM during this interim period. This study is to be presented by the PAM Board to the Village Board prior to the 2015/2016 budget session for the Board's ratification. There was no second.

Trustee Sidor asked Mr. Brigham what his business was. **Mr. Brigham** explained that he represents national recording stars and as such books shows for them. He said his experience with municipally led theaters is that you cannot trust them to do what they promise, a number of his shows have not been handled properly. He prefers to rent the venue, and do the marketing himself so the profit and loss is on his shoulders. Recently, he rented a theater, brought the star, and did two shows in one day. The venue took in \$12,000 in profit. The show sold out in two days. In municipal theater, a lot of programs do not make money. Local and student plays don't bring in the profit. The big shows help pay for the smaller ones. Entertainment by committee is a disaster. You need an

Executive Director who manages to the market who brings in entertainment the community wants. If they do their job properly, the entertainment will fund the rest of the theater. When dealing with national acts, routings are how small theaters pick up acts cheaply.

Trustee Farwell said Michael Ingersoll communicated via email that there are a number of theaters Metropolis' size that are in the black. He reiterated that he wanted some effort toward a new business model now.

Trustee Glasgow said that the Village Board oversees many jobs of which the Board members are not qualified like Police, Fire and Public Works. There is nothing wrong with the Board embracing this responsibility to make sure things are done right. The Executive Director has a responsibility and it should be to the Village Board if the Village is writing the checks. He asked why the Board would it not do this.

Trustee Scaletta asked what controls can be put into place until April so that only good news comes to the Board between now and then. He said that Staff should be directed to investigate an economic impact study on Metropolis and a study on the Theater's viability. He asked for costs and a la cart information of what the Board would want and understand the pricing. There were no objections to this suggestion.

Mr. Kuehne said that he can review the current accounts payable to get those paid. Moving forward he can review the payables monthly and insist on monthly financial reports. There was discussion on how this would occur; and the following motion was deemed acceptable by the motion maker and the PAM Board. Payables and Payroll will be included.

Trustee Scaletta moved that the Village Board approve PAM's request for additional funding in the amount of \$450,000 with the funds to be disbursed as follows: approximately \$300,000 to be paid upon submission to and review by the Village of the current bills due and the remainder to be disbursed periodically after submission to and review by the Village of the bills. PAM will continue to be responsible for and pay, when due, future CAM charges. Trustee Glasgow seconded the motion.

Trustee Labedz said she had a concern regarding an Executive Director being part of Village staff, because she wants Metropolis to be able to present a wide range of shows, if it becomes part of government it will create a form of censorship.

Trustee Tinaglia moved to continue the meeting past 11:00 p.m. Trustee LaBedz seconded the motion. **The motion passed unanimously.**

Trustee Rosenberg asked for the re-projected revenue to be reviewed by Mr. Kuehne. He said it is not right to have the Village pay Metropolis' bills directly, but he would like Mr. Kuehne to review the numbers. **Mr. Kuehne** said he would

work with Mr. Scheufler on the details of financial review and send a memo to the Board.

Mr. Anfenson said he can't make assurances that they may not need to come before the Board again. PAM has a short term plan that they think will put them into a position to complete the fiscal year without coming back to the Board. PAM does not feel qualified to create the business model; they need an expert in the field to help them create it.

Trustee Farwell said this is the last time he is voting for more money for Metropolis, until significant changes are made to the business model.

Mr. Kuehne said budget discussions will be in February as the next fiscal year is a short one running from May 1 to December 31. The budget process will fall on the calendar year after that. There may be more time needed on this issue, so there can be an option to move the budget meeting later than February.

Trustee Sidor said he was not sold, he needed to see a plan and until there is one, he will vote no. **Mr. Anfenson** said that PAM recognizes change is needed and has been internally focused up until now. **Mr. Dungan** said that the PAM Board was appalled that more information hadn't been going to the Board. He reiterated that they needed an Executive Director to help steer them through this crisis. He said the image of the Metropolis needed to be rehabilitated. **Trustee Sidor** said people, process and product all need to be improved. He noted that the first time he met Ms. Bonder and Ms. McCarthy was this evening. As the Board's liaisons, they should be in constant touch with the Board. They are supposed to represent the Village's interests.

President Hayes said this is step one. Step two is a new business model is needed. Then the amount of Village support needs to be determined. This is the beginning of the process of a permanent fix.

After calling the Motion the vote was:

Ayes: Scaletta, Glasgow, LaBedz, Tinaglia, Rosenberg, Farwell, Hayes

Nayes: Sidor (with comment), Blackwood

Trustee Sidor said he needed to see a strategic plan and until there is one he is not ready to move forward. **Trustee Blackwood** concurred.

Trustee Tinaglia said he was interested in the Mayor's suggestion of appointing Board members to convene with PAM as an oversight body. All concurred. President Hayes said he would pursue this idea.

V. OTHER BUSINESS

- A. Request for Closed Session per 5 ILCS 120/2(c)(1): appointment, compensation, discipline, performance or dismissal of specific employees of the public body or legal counsel

VI. ADJOURNMENT

Trustee Farwell moved to adjourn the meeting to Closed Session at 11:25 p.m.
Trustee Glasgow Seconded the motion.

Ayes: Farwell, Glasgow, Tinaglia, Rosenberg, Scaletta, Sidor, Blackwood, LaBedz,
Hayes

Nayes: None

The motion passed.

Persons with disabilities requiring auxiliary aids or services, such as an American Sign Language interpreter or written materials in accessible formats, should contact David Robb, Disability Services Coordinator, at 33 S. Arlington Heights Road, Arlington Heights, Illinois 60005, (847)368-5793 (Voice), (847)368-5980 (Fax) or drobb@vah.com.