

AGREEMENT

THIS AGREEMENT is made and entered into the ___ day of June 2015 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 on July 1 and October 1 of 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 decides to provide reserve funding, it will be in an amount determined annually by the Village, usually as part of the budget process. The reserve funding money will be deposited by the Village in an account owned by PAM with restricted access created specifically for this purpose ("Restricted Access Account"). If PAM seeks to use any of the funds in the Restricted Access Account, 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. 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 Restricted Access Account will be set up so that all withdrawals from the account require two signatures – specifically, the PAM President and the Village Manager.

SECTION THREE: If, at any time while this Agreement is in effect, PAM ceases to operate the Theater and/or dissolves its not-for-profit corporation, all money remaining in the Restricted Access Account shall immediately revert to the Village.

SECTION FOUR: 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 FIVE: 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 SIX: 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. YTD Income Statement v. YTD Budget
3. Cash Flow Projection
4. Copy of Bank Statement/Bank Reconciliation Report
5. Accounts Payable Aging Summary
6. Accounts Receivable Summary
7. Check Register
8. 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 SEVEN: 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.

SECTION EIGHT: The parties agree that the Board of Directors of PAM is to be entirely reconstituted. The new PAM Board will consist of seven members,

no more than three of whom shall be individuals who are currently serving on the PAM Board. The Village will appoint three members to the PAM Board, one of whom shall serve as President. The terms of the three members shall be staggered, so that one member shall serve an initial one year term, one member shall serve an initial two year term, and the President shall serve an initial three year term. 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 seven member PAM Board has taken office, the parties will review the operations to determine the effectiveness of the seven member board.

SECTION NINE: 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

Village President

Date

Date

ATTEST:

ATTEST:

Village Clerk

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