

DATE: February 4, 2011

ITEM: 8. A.

RE: Utah Symphony and Opera: Discussion of Change in Loan Agreement Terms

PROJECT AREA: West Capitol Hill

PREPARED BY: Jill Wilkerson-Smith

EXECUTIVE SUMMARY: In 2001, the RDA provided a \$250,000 grant and a \$500,000 loan to Utah Symphony & Opera (US&O) for expansion of its facility, located at 336 North 400 West, in the West Capitol Hill Project Area. The Loan and Grant Agreement allows US&O to pay the interest on the loan through “in kind” services in the community for 10 years. Repayment of the loan principal is due in September 2011. US&O is requesting the RDA grant them a 50% reduction in principal on its loan, with a 5-year extension of its balloon payment in exchange for providing a series of concerts to be performed at The Gallivan Center, and other possible venues. Staff is seeking the Board’s direction to pursue a change in the loan documents in response to US&O’s proposed terms outlined below.

ALTERNATIVES:

- 1) Approve the proposed loan terms, in exchange for a series of concerts to be determined by the Board.
- 2) Reject US&O’s proposal, thereby proceeding with the original loan agreement terms.

FUNDING:

Original Loan Terms:

GRANT: \$250,000
LOAN: \$500,000, 3% Interest Rate, 10-Year Balloon
Due September 30, 2011
3% interest paid through in-kind services

Proposed Loan Terms:

GRANT: \$250,000
LOAN: \$250,000, 3% Interest Rate
Due September 30, 2015
\$250,000 Loan Balance Forgiven Through Free
Concerts from 2011 through 2015
(RDA assumes 3% interest paid through in-kind
services condition continues until loan paid in full)

ANALYSIS AND ISSUES: As a condition of the Loan and Grant Agreement with the RDA executed in 2001, US&O provides in-kind services to local schools, community groups, and neighborhood residents. On a yearly basis, US&O has provided a report to the RDA detailing its in-kind donations, which the Board has approved every year. The balloon payment in the amount of \$500,000 is due on September 30, 2011.

Citing hard economic times, US&O submitted a letter to the RDA in May 2010, requesting the principal payment on its loan be reduced and balloon payment date extended. US&O suggested that, in exchange for this accommodation, they will perform a series of free concerts to the public for five years. At the July Board meeting after hearing US&O's formal request, the Board asked staff to return at a later date with new terms for US&O's current loan agreement.

In an attempt to offer different concert options for the public, staff asked US&O to provide cost estimates for a large event at Gallivan, as well as for smaller, street concert venues so that the Board may choose a from a variety of options. The value of services to provide a full orchestra with a guest artist at Gallivan is \$64,250. US&O will provide cost estimates for smaller concerts to RDA staff, once they receive specific direction from the Board. Staff believes while there is value in a large event, a few smaller concerts could be scheduled on the same evening as other large events downtown, thereby adding a more lively atmosphere. Alternatively, the Board could ask US&O to present five large-scale concerts, the value of which would total approximately \$321,250.

BACKGROUND: During the 2001-2002 budget process, the Board allocated \$750,000 to US&O for expansion of their facility at 336 North 400 West in the West Capitol Hill Project Area. The RDA's contribution was allocated between a \$250,000 grant and a \$500,000 loan. The loan, which was closed on October 19, 2001, carries a 3% interest rate and a 10-year term with annual interest only payments. The principal balance may be paid in full at any time without penalty and will become due at the end of the 10-year term.

Last July, the Board directed staff to present a term sheet for a revised loan agreement with US&O outlined above, which would allow them to provide \$250,000 in value in free concerts for the public, and extending the balloon payment of the existing loan to 2015.

ATTACHMENTS: Letter Proposal for Loan Forgiveness and Gallivan Concert Budget from US&O

January 28, 2011

Mr. D. J. Baxter
 Redevelopment Agency of Salt Lake City
 451 South State, Room 418
 Salt Lake City, UT 84114

Dear D. J.,

On behalf of the artists, board and staff of the Utah Symphony | Utah Opera (USUO), we are very grateful for the opportunity to submit this proposal to repay 50% of our loan on our Production Studios through in kind services described below.

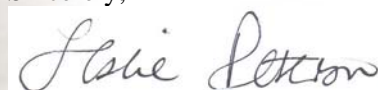
In an effort to serve our constituents and to benefit both the RDA and USUO, we propose to provide a variety of musical experiences representing the world-class talents of USUO, and showcasing the vibrant and energetic cultural life of Salt Lake City. While we would want to jointly determine the exact nature, schedule and venue for these events, we would like to propose the following offerings:

- *Summer Concert at the Gallivan Center:* Beginning in the summer of 2011, and continuing each year as mutually agreed upon for the following three to four years, present one free, full-length concert featuring the Utah Symphony as well as members of Utah Opera in a program of highlights from the standard repertoire of classics and musical theatre at the Gallivan Center. This beautiful outdoor space in the midst of the city provides an opportunity for the public to enjoy an evening of music in an open, accessible space. A draft budget is attached.
- *Random Acts of Culture:* Present a variety of duets, ensembles and solo performances of a smaller, more intimate nature featuring both orchestra members or opera singers in different settings in downtown Salt Lake City with the purpose of attracting the public to the city, especially the area in the vicinity of the Gallivan Center. Subject to availability, these might include the following (budget to follow once we have determined the nature of these events):
 - Opera Singers performing popular arias at the Salt Lake Public Library
 - Guest artists from the symphony, opera and Deer Valley Music Festival performing as available
 - Quartets or small ensembles from the orchestra performing Brown Bag concerts

We would welcome the opportunity to partner with the RDA in this way beginning in the summer of 2011 (July 12 has been discussed as the tentative date of our first concert at the Gallivan Center), with additional events to follow.

Anticipating a slow recovery from the economic recession, we are particularly grateful for our partnership with the RDA, and are eager to work with you in this additional capacity. We appreciate your consideration and your continued support of USUO.

Sincerely,



Leslie Peterson
 Vice President of Development

Melia Tourangeau
 President & CEO

Thierry Fischer
 Symphony Music Director

Christopher McBeth
 Opera Artistic Director

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Jim M. Wall

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John W. Williams

Walter Haman

Peter Margulies

Utah Symphony Musicians

Kathy Knowlton

Utah Symphony Guild

Judith Vander Heide

Ogden Opera Guild

Judith Mitchell

Ogden Symphony

Ballet Association

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 Salt Lake City, Utah 84103

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**Utah Symphony
Gallivan Center Concert
Summer 2011 Projected Expenses**

Expenses	Budget
Orchestra Salaries and Benefits	\$40,000
Guest Conductor Fee	5,000
Guest Conductor T/L	800
Guest Conductor Misc	0
Guest Artist Fee	5,000
Guest Artist T/L	
Guest Artist Misc	0
Piano Tuning	100
Instrument Rental	0
Staging/Lighting	5,000
Sound	5,000
Stagehands	1,000
Transportation	1,000
Hall Rental (for rehearsal)	800
Miscellaneous	100
Per Diem	
Music Rental	450
Total Expenses	\$64,250