



## Legislation Text

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**File #:** 0352-2014, **Version:** 1

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### **Background:**

This legislation authorizes the Director of the Department of Finance and Management to modify Development Agreements with the Columbus Association for the Performing Arts (CAPA) by removing Section 6, “Reserve Fund”, of the agreements. Section 6 requires CAPA to create a maintenance and capital improvement reserve fund and requires the creation of a Reserve Fund Review Board.

In August, 1982 the city entered into two Urban Development Action Grant loan agreements with HUD; one for \$1,500,000 (Ordinance #1231-82) and one for \$500,000 (Ordinance #1530-82), for CAPA to make improvements to the Ohio Theatre through the construction of an adjoining Arts Pavilion and Esplanade (the “Project”). The Project has been completed and CAPA has fully repaid these two 30-year term loans, a total of \$2,000,000. A provision currently exists in both of the Development Agreements that CAPA shall establish an Ohio Theatre Maintenance and Capital Improvement Reserve Fund (Fund), to be used for the long-term maintenance and capital improvement of the Ohio Theatre facility. CAPA is obligated to maintain this fund for fifty (50) years after the completion of the UDAG loan term (until the year 2063). The agreements also state that CAPA and the city shall establish an Ohio Theatre Maintenance and Capital Improvement Reserve Fund Review Board (Board) to oversee the expenditures from the Fund.

CAPA has been the steward of the Ohio Theatre since 1969, and now also owns and operates the Palace and Southern Theatres. CAPA has a long history and considerable experience in maintaining these historic performing arts theatres.

CAPA committed over \$980,000 of facility fee revenue earned in fiscal year 2013 towards maintenance and upkeep of its theatres. In the last 10 years, total facility fee funds expended on the theatres has been in excess of \$8,700,000. In addition to ongoing facility fee funding, CAPA raised approximately \$6.4M in 2002 for an extensive renovation of the backstage and dressing rooms at the Ohio Theatre. This project expanded the size of the Ohio Theatre backstage area, allowing large Broadway shows such as Lion King to fit into the Ohio Theatre.

CAPA’s Building & Operations committee, a subset of the Board of Directors, meets regularly with CAPA’s management to determine long-term and short-term maintenance and capital needs of the theatres. These projections are then used to determine the appropriate uses of the facility fee; all facility fee expenditures are approved by the Building & Operations committee.

With the history of good stewardship and ongoing commitment of planning and funding resources that CAPA is dedicating to the theatres, including the Ohio Theatre, the City’s involvement in the capital oversight of the Ohio Theatre is no longer needed. Allowing CAPA’s Building & Operations committee to determine the appropriate use of the facility fees gives the committee the flexibility to allocate funds so that all of Columbus’ historic theatres will be properly maintained. This will ensure that the theatres continue to provide arts programming, and remain drivers of economic impact for downtown Columbus.

**FISCAL IMPACT:** There is no fiscal impact.

To authorize the Director of the Department of Finance and Management to amend two Development Agreements with the Columbus Association for the Performing Arts.

**WHEREAS**, the Columbus Association for the Performing Arts (CAPA) did successfully complete the Arts Pavilion construction in 1983 and did completely repay each of the city's two thirty-year loans pursuant to the terms of the Development Agreements; and

**WHEREAS**, the Grant Agreements have a requirement for CAPA to create an Ohio Theatre Maintenance and Capital Improvement Reserve Fund; and

**WHEREAS**, the city is required to be part of the Reserve Fund Review Board for the next fifty (50) years; and

**WHEREAS**, due to CAPA's expanded ownership, operations, and maintenance responsibilities, it is in the best interest of CAPA and the city to amend the Grant Agreements to no longer require an Ohio Theatre Reserve Fund or Review Board; now, therefore,

**Be it ordained by the Council of the City of Columbus:**

**SECTION 1.** That the Director of the Department of Finance and Management is hereby authorized to amend two CAPA Development Grant Agreements for the purpose of removing all of the Reserve Fund requirements as described in Section 6 of each of the agreements.

**SECTION 2.** That this Ordinance shall take effect and be in force from and after the earliest period allowed by law.