

THE CITY OF PROVIDENCE
STATE OF RHODE ISLAND AND PROVIDENCE PLANTATIONS

RESOLUTION OF THE CITY COUNCIL

No. 143

Approved March 27, 1992

RESOLUTION AUTHORIZING THE CITY COUNCIL OF THE CITY OF PROVIDENCE, RHODE ISLAND, TO AMEND THE STATEMENT OF OBJECTIVES AND FUNDING UNDER THE HOUSING AND COMMUNITY DEVELOPMENT ACT AS PROPOSED AND APPROVED ON AUGUST 2, 1991, AS RESOLUTION NUMBER 453, TO INCLUDE THE USE OF LOAN GUARANTEE ASSISTANCE FUNDS IN ACCORDANCE WITH SECTION 108 OF THE HOUSING AND COMMUNITY DEVELOPMENT ACT OF 1974, AS AMENDED.

WHEREAS, the City of Providence is eligible to receive Community Development Block Grant Entitlement Funds for Fiscal Year 1991 under Section 106(a) or (h) of Title I of the Housing and Community Development Act of 1974; and

WHEREAS, The City Council of the City of Providence, County of Providence, State of Rhode Island, on August 2, 1991, by Resolution 453, authorized the City of Providence, through its official representative, the Mayor, to file a STATEMENT OF OBJECTIVES AND FUNDING with the Boston Area Office of the Department of Housing and Urban Development for the purpose of obtaining Community Development Block Grant; and

WHEREAS, Section 108 of the Act authorizes submission of an application for loan guarantee assistance for those communities entitled to receive a Community Development Block Grant; and

WHEREAS, Section 108 provides a source of front-end financing for large-scale projects which cannot be financed from annual grants; and

WHEREAS the Statement of Community Development Objectives and projected use of Loan Guarantee Funds provides the necessary assurances and/or Certification of Compliance with applicable Federal Regulations and requirements; and

WHEREAS, the Mayor must be authorized to submit the Statement of Community Development Objectives and use Loan Guarantee Funds with the Secretary of the Department of Housing and Urban Development and to accept and execute the Agreement, and

Counselman Dillon (By request)

WHEREAS, The Trinity Repertory Company of Providence, Rhode Island has agreed to provide between 25 and 50 tickets to the Providence School Department for each of Trinity Repertory Company's regular subscription shows on Wednesday evenings of the first week of each run of the performance. This offer will commence with Trinity's 1992-93 season and will be subject to review annually,

NOW, THEREFORE, BE IT RESOLVED, That the City Council of the City of Providence, County of Providence, State of Rhode Island, hereby authorizes the City of Providence, through its representative, the Mayor, by amending the STATEMENT OF OBJECTIVES and funding, as authorized by Resolution 453, on August 12, 1991, to include the application for loan guarantee assistance under Section 108 of the aforementioned Act for the following project: The City of Providence will make application to the U.S. Department of Housing and Urban Development in an amount not to exceed One Million, Two Hundred Thousand Dollars (\$1,200,000.00) to fund a Capitalization Program for the Trinity Repertory Company.

IN CITY COUNCIL
MAR 1
READ AND PASSED
James H. Rossi
PRES.
Michael L. Clement
CLERK

APPROVED
MAR 7 1992
Vincent A. Cianci
MAYOR

To: Members of the City Council
From: Bill Collins, director of policy
Re: Loan guarantee for Trinity Rep

A resolution regarding Trinity has been submitted to the City Council. Councilman Dillon asked me to summarize the issue for you, since as a courtesy to Trinity we are asking the City Council to take up this matter as soon as possible.

We are seeking authority from the Council to apply to HUD for a \$1.2 million loan that we will re-lend to Trinity. The loan, which the city's community development fund will guarantee for 20 years, will enable Trinity to pay back the very large amount of short-term debt it now carries, and to achieve a reasonable level of financial stability. We will hold a mortgage on Trinity's theater.

As you know, Trinity had a disastrous season in 1989-90. In that year, Trinity spent all of its endowment and cash reserves. Ticket sales fell to 40 percent of capacity. The theater was forced to assume a lot of short-term debt that has been hanging over the theater ever since.

Trinity now has new board leadership (led by attorney Sarah Dowling) and a new artistic director, Richard Jenkins. Richard has been very successful in wooing back audiences; attendance this year is running at 80 percent of capacity. But the short-term debt -- \$625,000 -- remains a serious problem. Trinity owes additional amounts to national foundations (because of that disastrous year), and has little working capital and no endowment.

Trinity is very important to the City. The average attendance for 260 performances a year is more than 700 people each day. Trinity's economic impact is estimated at \$12 million a year (because audiences go out to restaurants and bars, park in parking lots and so on). Trinity won a Tony award in 1981, and brings a great deal of prestige and national recognition to the city. It would be a terrible blow for Providence and Rhode Island if Trinity closed its doors in the grim environment of the present.

Essentially, we are giving Trinity the opportunity to convert short-term debt to long-term debt, and to fulfill its obligations to national foundations. Trinity will also be able to re-establish an endowment and a working capital fund.

We strongly feel Trinity has gotten its act together and is deserving of our support. However, the city is guaranteeing the debt payments and there must be adequate assurance that Trinity can pay back the loan. The enclosed materials present evidence of the company's capacity to repay. We will be going over the numbers in detail with the finance and redevelopment committees.

DESCRIPTION

HUD loans the City of Providence an amount which after costs of issuance would yield \$1.2 million. The loan is guaranteed by the City's future community development fund allocations. The city relays the money to Trinity Repertory Company. Trinity Repertory Company would secure the loan with a mortgage on the building. The interest rate will be tied to LIBOR. Level payments of principal and interest would be repayable over 20 years.

CALENDAR

In order for Trinity Repertory Company to meet its obligations to the National Endowment for the Arts and the Mellon Foundation the loan must close on or before June 30, 1992, the current fiscal year. Attached is a schedule (Exhibit 1) outlining the timetable that must be met in order for Trinity to meet its obligations.

RATIONALE

The \$1.2 million loan will restore Trinity's cash reserves thereby eliminating dependence on third party cash flow lenders. The restricted grant will be restored, and upon restoration will be able to be used for its intended purposes, thus providing orderly sustained growth. Over a period of five years, the endowment will be restored and held in trust thus preventing invasion in the future. Restored financial health will enable the theatre to qualify for grants from national public and private sources not currently available.

Trinity Repertory Company serves over 150,000 annually, generating an economic impact of \$12 million annually according to a report from the Rhode Island State Council on the Arts. 18,000 high school students, 4,000 (22%) from Providence, participate each year in Trinity's "Project Discovery" program integrating the theatrical experience with their academic curriculum. Trinity employs over 100 Rhode Islanders at the height of its season and provides spin-off economic activity to restaurants, parking garages and suppliers vital to Rhode Island's economic base. With the forthcoming opening of the Convention Center and the revitalization of downtown Providence, the continuing viability of Trinity is essential to the cultural, educational and economic life of this community. (Exhibit 2- Providence Residents as Audience)

The HUD loan represents a unique opportunity for the City of Providence to stabilize a vital community resource without cost to the taxpayer or jeopardy to its neighborhoods. Trinity Repertory Company will bear the responsibility to repay the loan. The theatre will reserve two ex-officio positions on its Board of Directors for a Mayoral appointee and a City Council appointee respectively.

EXHIBIT 1

HUD LOAN TIME TABLE
FOR CLOSING ON OR BEFORE JUNE 30,1992

<u>ACTION</u>	<u>DATE</u>
CITY COUNCIL APPROVAL	NO LATER THAN 3/27/92
APPLICATION TO BOSTON OFFICE WITH COPY TO WASHINGTON OFFICE	IMMEDIATELY FOLLOWING CITY COUNCIL APPROVAL-- NO LATER THAN 3/27/92
APPROVAL FROM BOSTON OFFICE	MINIMUM 30 DAY TURNOVER EXPECTED BY 4/30/92
APPROVAL FROM WASHINGTON OFFICE	NO ACTION BEFORE BOSTON MINIMUM 30 DAY TURNOVER AFTER BOSTON APPROVAL EXPECTED BY 5/29/92
COMMITMENT LETTER	FOLLOWING WASH. APPROVAL EXPECTED WEEK OF JUNE 1,1992

EXHIBIT 2

PROVIDENCE RESIDENTS AS AUDIENCE

TRINITY REPERTORY COMPANY



RICHARD JENKINS, Artistic Director
EUGENE LEE, Resident Designer

PROVIDENCE RESIDENTS AS AUDIENCE

1991-92 SALES BY ZIP
as of Feb 11, 1992

RHODE ISLAND

PROVIDENCE	19118	23	% * See Detail Below
Warwick	7796	9	%
Cranston	7676	9	%
Barrington	4911	6	%
East Prov.	3897	4.5	%
East Grnwich	3526	4	%
Pawtucket	3350	4	%
N. Prov.	2987	3.5	%

All others less than 3 %

PROVIDENCE

	<u># of Tickets</u>	<u>% of Tickets</u>
	<u>SOLD</u>	<u>SOLD</u>
02901	75	.5 %
02903	3231	18 %
02906	11619	60 %
02907	771	3.5 %
02908	2032	11 %
02909	642	3.5 %
02912	165	1 %
02918	252	1 %
02940	331	1.5 %
TOTAL	19118	100 %

EXHIBIT 3
FINANCIAL STATEMENTS

3/06/92

TRINITY REPERTORY COMPANY
 REVISED FORECASTED CASH FLOWS
 FOR THE FISCAL YEAR
 ENDING JUNE 30

	1991-92	1992-93	1993-94	1994-95	1995-96
	FORECAST	FORECAST	FORECAST	FORECAST	FORECAST
REVENUE:					
AUDIENCE DEVELOPMENT	1,777,937	2,029,497	2,279,825	2,332,429	2,383,358
NET TOURING FEE INCOME	58,967	60,000	60,800	60,000	60,000
BUILDING OPERATIONS DEVELOPMENT	37,744	41,518	43,594	45,774	48,062
	1,487,000	1,350,000	1,350,000	1,350,000	1,350,000
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	3,361,648	3,481,015	3,733,419	3,788,203	3,841,421
EXPENSES:					
DEVELOPMENT	155,545	163,322	171,488	175,776	180,170
ADMINISTRATION	674,239	707,951	743,348	761,932	780,981
ARTISTIC	993,049	1,096,140	1,150,947	1,179,721	1,209,214
AUDIENCE DEVELOPMENT	490,740	515,277	541,041	554,567	568,431
PRODUCTION/SCENERY	648,057	733,898	770,593	789,858	809,605
BUILDING OPERATIONS	254,492	267,217	280,577	287,592	294,782
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	3,216,122	3,483,805	3,657,996	3,749,445	3,843,182
EXCESS (DEFICIT) REVENUE OVER EXPENSES FROM OPERATIONS					
	145,526	(2,791)	75,423	38,757	(1,761)
CASH BEGINNING OF YEAR					
	102,600	84,708	190,379	406,310	487,230
NET CHANGE IN OTHER ASSETS/LIAB. DEPRECIATION					
	(85,014)	(87,308)	(55,304)	(55,304)	(55,304)
	155,263	155,263	155,263	155,263	155,263
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NET CASH BEFORE DEBT SERVICE	318,375	149,872	365,762	545,026	585,428
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PRINCIPAL ADDITIONS (PAYDOWNS):					
NET PROCEEDS FROM HUD LOAN	1,200,000				
CITY OF PROVIDENCE	(200,000)				
BANK BORROWINGS	425,000				
BANKS PAYOFF	(625,000)				
NEA WORKING CAPITAL RESERVE	(500,000)				
MELLON GRANT	(210,000)	105,000	105,000		
ENDOWMENT	(300,000)				
INVESTMENT EARNINGS @ 6%		65,682	65,723	72,379	77,234
P & I ON HUD LOAN	0	(130,175)	(130,175)	(130,175)	(130,175)
INTEREST EXPENSE	(23,667)				
	-----	-----	-----	-----	-----
NET CASH FLOW	84,708	190,379	406,310	487,230	532,487
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CASH END OF YEAR					
	84,708	190,379	406,310	487,230	532,487
	=====	=====	=====	=====	=====

AUDIENCE DEVELOPMENT ANALYSIS
FISCAL YEAR JULY, 1992 TO JUNE, 1993

	TOTAL SEATS	NUMBER PERF.	TOTAL CAPACITY	%	PAID TICKETS	# SUBS SALES	\$26 @ 70% SUB PRICE	\$ TOTAL SUBS.	# SINGLE TICKETS	SINGLE TICKET PRICE	\$ SINGLE TICKET PAID	TOTAL REVENUE	AVERAGE TICKET PRICE
4 DOWNSTAIR PERFORMANCES	297	166	49,302	75%	36,977	28,000	\$18.20	509,600	8,977	\$20.00	179,530	689,130	\$18.64
3 UPSTAIR PERFORMANCES	420	102	42,840	75%	32,130	28,000	\$18.20	509,600	4,130	\$20.00	82,600	592,200	\$18.43
CHRISTMAS CAROL	578	44	25,432	98%	24,923				24,923	\$17.00	423,697	423,697	\$17.00
CHRISTMAS CAROL (PROJECT DISCOVERY)												70,000	
SUMMER SHOW #1	297	36	10,692	70%	7,484				7,484	\$17.00	127,235	127,235	\$17.00
SUMMER SHOW #2	297	36	10,692	70%	7,484				7,484	\$17.00	127,235	127,235	\$17.00
			138,958		108,999	56,000		1,019,200	52,999		940,297	2,029,497	
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AUDIENCE DEVELOPMENT ANALYSIS
FISCAL YEAR JULY, 1993 TO JUNE, 1994

	TOTAL SEATS	NUMBER PERF.	TOTAL CAPACITY	%	PAID TICKETS	# SUBS SALES	\$26 @ 80% SUB PRICE	\$ TOTAL SUBS.	# SINGLE TICKETS	SINGLE TICKET PRICE	\$ SINGLE TICKET PAID	TOTAL REVENUE	AVERAGE TICKET PRICE
4 DOWNSTAIR PERFORMANCES	297	166	49,302	78%	38,456	28,840	\$20.80	599,872	9,616	\$21.00	201,927	801,799	\$20.85
3 UPSTAIR PERFORMANCES	420	102	42,840	78%	33,415	28,840	\$20.80	599,872	4,575	\$21.00	96,079	695,951	\$20.83
CHRISTMAS CAROL	578	44	25,432	98%	24,923				24,923	\$17.85	444,882	444,882	\$17.85
CHRISTMAS CAROL (PROJECT DISCOVERY)												70,000	
SUMMER SHOW #1	297	36	10,692	70%	7,484				7,484	\$17.85	133,597	133,597	\$17.85
SUMMER SHOW #2	297	36	10,692	70%	7,484				7,484	\$17.85	133,597	133,597	\$17.85
			138,958		111,763	57,680		1,199,744	54,083		1,010,081	2,279,825	
			=====		=====	=====		=====	=====		=====	=====	

AUDIENCE DEVELOPMENT ANALYSIS
FISCAL YEAR JULY, 1994 TO JUNE, 1995

	TOTAL SEATS	NUMBER PERFORMANCES	TOTAL CAPACITY	%	PAID TICKETS	# SUBS SALES	\$26 @ 80% SUB PRICE	\$ TOTAL SUBS.	# SINGLE TICKETS	SINGLE TICKET PRICE	\$ SINGLE TICKET PAID	TOTAL REVENUE	AVERAGE TICKET PRICE
4 DOWNSTAIR PERFORMANCES	297	166	49,302	78%	38,456	28,000	\$20.80	582,400	10,456	\$22.05	230,545	812,945	\$21.14
3 UPSTAIR PERFORMANCES	420	102	42,840	78%	33,415	28,000	\$20.80	582,400	5,415	\$22.05	119,405	701,805	\$21.00
CHRISTMAS CAROL	578	44	25,432	98%	24,923				24,923	\$18.74	467,126	467,126	\$18.74
CHRISTMAS CAROL (PROJECT DISCOVERY)												70,000	
SUMMER SHOW #1	297	36	10,692	70%	7,484				7,484	\$18.74	140,276	140,276	\$18.74
SUMMER SHOW #2	297	36	10,692	70%	7,484				7,484	\$18.74	140,276	140,276	\$18.74
			138,958		111,763	56,000		1,164,800	55,763		1,097,629	2,332,429	

AUDIENCE DEVELOPMENT ANALYSIS
FISCAL YEAR JULY, 1995 TO JUNE, 1996

	TOTAL SEATS	NUMBER PERFORMANCES	TOTAL CAPACITY	%	PAID TICKETS	# SUBS SALES	\$26 @ 80% SUB PRICE	\$ TOTAL SUBS.	# SINGLE TICKETS	SINGLE TICKET PRICE	\$ SINGLE TICKET PAID	TOTAL REVENUE	AVERAGE TICKET PRICE
4 DOWNSTAIR PERFORMANCES	297	166	49,302	78%	38,456	28,840	\$20.80	599,872	9,616	\$23.15	222,624	822,496	\$21.39
3 UPSTAIR PERFORMANCES	420	102	42,840	78%	33,415	28,840	\$20.80	599,872	4,575	\$23.15	105,927	705,799	\$21.12
CHRISTMAS CAROL	578	44	25,432	98%	24,923				24,923	\$19.68	490,482	490,482	\$19.68
CHRISTMAS CAROL (PROJECT DISCOVERY)												70,000	
SUMMER SHOW #1	297	36	10,692	70%	7,484				7,484	\$19.68	147,290	147,290	\$19.68
SUMMER SHOW #2	297	36	10,692	70%	7,484				7,484	\$19.68	147,290	147,290	\$19.68
			138,958		111,763	57,680		1,199,744	54,083		1,113,614	2,383,358	

UNITY REPERTORY COMPANY
 FORECAST ASSUMPTIONS
 FOR YEARS ENDING JUNE 30,
 1993-1996

PERFORMANCE SCHEDULE

7 PLAY SEASON
 CHRISTMAS CAROL
 2 SUMMER SHOWS- DOWNSTAIRS PERFORMANCES

	1992-93 FORECAST	1993-94 FORECAST	1994-95 FORECAST	1995-96 FORECAST
TICKET ASSUMPTIONS				

PRE-SEASON SUBSCRIPTION DISCOUNT	25%	20%	20%	20%
CAPACITY	75%	78%	78%	78%
SINGLE TICKET ANNUAL PRICE INCREASES	NONE	5%	5%	5%

EXPENSES:

 SUMMER SHOW EXPENSES CALCULATED AT 80% OF GROSS REVENUE

ALL OTHER ANNUAL EXPENSES INCREASES :
 5% IN 1993 AND 1994
 2.5% IN 1995 AND 1996

DEBT ASSUMPTIONS:

 PAYMENT OF P & I OF \$130,175 ANNUALLY BEGINNING 7/1/93
 ON \$1,250,000 HUD LOAN AT 8.5%

Amendment to Resolution Authorizing the City Council of the City of Providence, Rhode Island, to amend the statement of objectives and funding under the housing and community development act as proposed and approved on Aug. 2, 1991, as resolution number 453, to include the use of loan Guarentee Assistance Funds in Accordance with Section 108 of the Housing and Community Development Act of 1974, as Amended.

Insert after the last paragraph begining Whereas on Page 1, line 28:

Co/V
Whereas, the Trinity Repertory Company of Providence, Rhode Island has agreed to provide between 25 and 50 ^{tickets to the Providence School Dept} for each of Trinity Repertory Company's regular subscription shows on Wednesday evenings of the first week of each run of the performance. This offer will commence with Trinity's 1992-93 season and will be subject to review annually.