

City of Fayetteville Staff Review Form

2017-0660

Legistar File ID

12/5/2017

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Paul Becker

11/13/2017

CHIEF FINANCIAL OFFICER (110)

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Acceptance of funding obtained by TheatreSquared and authorization to reimburse TheatreSquared up to \$3,100,000 for a portion of approved contracts for the construction of the new theater project.

Budget Impact:

1010.090.6600-5740.00

General Fund

Account Number

Fund

Project Number

Project Title

Budgeted Item? Yes

Current Budget

Funds Obligated

Current Balance

\$ _____ -

Does item have a cost? Yes

Item Cost

Budget Adjustment Attached? No

Budget Adjustment

Remaining Budget

\$ _____ -

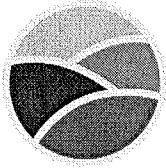
Previous Ordinance or Resolution # _____

V20140710

Original Contract Number: _____

Approval Date: _____

Comments:



MEETING OF DECEMBER 5, 2017

TO: Mayor and City Council
FROM: Paul A Becker, Chief Financial Officer
DATE: November 13, 2017

SUBJECT: Acceptance of Funding obtained by TheatreSquared and authorization to reimburse TheatreSquared up to \$3,100,000 for a portion of approved contracts for the construction of the new theater project.

RECOMMENDATION:

BACKGROUND:

On March 7, 2017, the City Council approved resolution 68-17 which approved a budget adjustment to provide funding of \$3,100,000 for an investment in the construction of a new theater for TheatreSquared.

DISCUSSION:

The resolution approved by the City Council on March 7 2017, authorized the Mayor to execute an agreement between the City and Theatresquared which was subsequently done. This agreement provided that the City review and express acceptance of the funding obtained by TheatreSquared to assure the City that the project had the necessary financial support to complete the project. In my capacity as Chief Financial Officer of the City of Fayetteville, I have reviewed the underlying documentation which supports the financial commitments and pledges necessary to complete the project. I found the documentation adequate to insure the City that TheatreSquared has the necessary funding in place to complete the project.

The estimated cost of the project was found to be \$31,500,000 and the pledges supporting the project were in excess of \$21,300,000 at the end of October 2017. In addition, TheatreSquared has obtained a loan commitment of \$18,500,000 to complete the Project.

One financial risk to the completion of the project was noted. TheatreSquared did not require a performance bond. A performance bond is typically used in large construction projects to financially guarantee performance by the contractor. The City is required, by law, to obtain a performance bond from the contractor or contract manager on building construction projects undertaken by the City. TheatreSquared did not require a performance bond from Baldwin and Shell because it was felt the cost required to obtain the bond was greater than the risk of non-performance by Baldwin and Shell because of their size and positive reputation.

Recommendation:

Based on the above facts, I recommend the City Council authorize this resolution to fulfil the City's pledge of up to \$3,100,000 in construction reimbursements for the following construction packages which were appropriately bid:

- Masonry Work
- Structural & Misc. Steel Material
- Storefront Glazing
- Metal Stud Work

This request would also allow for the reimbursement of in progress payments of work pertaining to these packages upon completion of the work and demonstration of payment by TheatreSquared and verification by City personnel that the work had in fact been done.

Although I don't believe the risk of non-performance by Baldwin and Shell is major, it is a risk that should be understood and factored into this decision.

BUDGET/STAFF IMPACT:

This resolution provides for construction reimbursements of up to \$3,100,000 to TheatreSquared Inc. for the construction of a new theater on Spring Street.

Attachments:

- Staff Review form
- City Council Memo
- Original Contract



113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Resolution: 68-17

File Number: 2017-0118

THEATRESQUARED PROPOSED PROJECT:

A RESOLUTION TO APPROVE A BUDGET ADJUSTMENT OF THREE MILLION ONE HUNDRED THOUSAND DOLLARS (\$3,100,000.00) TO INVEST IN THE THEATRESQUARED PROPOSED PROJECT TO BE BULTON CITY PROPERTY LEASED TO THEATRESQUARED, INC.

WHEREAS, Fayetteville has supported the performing arts for decades beginning with the funding in conjunction with the University of Arkansas (which used a Helen Walton grant) for the construction of the Walton Arts Center; and

WHEREAS, Fayetteville also purchased the land upon which it built the Walton Arts Center Parking Lot which served a vital role of providing sufficient parking to support the creation of a Dickson Street Entertainment District; and

WHEREAS, Fayetteville voters dedicated millions of sales tax dollars to build the original Walton Arts Center and recently dedicated many millions more of Hotel, Motel and Restaurant taxes to help finance the recent substantial enhancement and enlargement of the Walton Arts Center; and

WHEREAS, the City Council approved a very long term lease of the Spring Street Parking Lot to TheatreSquared, Inc. so it could construct a major new theater project costing about Thirty Million Dollars (\$30,000,000.00) partially funded by a Walton Family Foundation Challenge Grant of Nine Million Dollars (\$9,000,000.00); and

WHEREAS, TheatreSquared, Inc. has requested that the City of Fayetteville commit to invest Seven Million Dollars (\$7,000,000.00) towards this project; and

WHEREAS, this significant theater project is projected to generate tens of millions of dollars in increased economic activity in our Entertainment District during construction and about Five

Million Dollars (\$5,000,000.00) annually in economic output when operational; and

WHEREAS, Mayor Jordan believes this theater project built on city-owned land will significantly enhance our Entertainment District and would be a wise investment in Fayetteville's future economic vitality; and

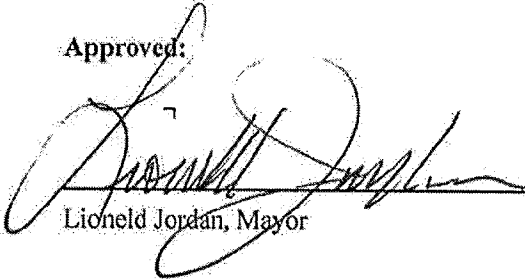
WHEREAS, Mayor Jordan fully supports this endeavor, but believes the City of Fayetteville cannot afford the Seven Million Dollars (\$7,000,000.00) requested by TheatreSquared and instead should invest Three Million One Hundred Thousand Dollars (\$3,100,000.00) from the City's general fund reserves to help make the TheatreSquared, Inc.'s project a reality.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

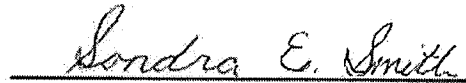
Section 1. That the City Council of the City of Fayetteville, Arkansas hereby approves a budget adjustment of Three Million One Hundred Thousand Dollars (\$3,100,000.00) to enable Mayor Jordan to pledge and then invest that amount into the TheatreSquared, Inc.'s proposed theater project pursuant to a proper agreement which the City Council authorizes Mayor Jordan to execute.

PASSED and APPROVED on 3/7/2017

Approved:


Lioneld Jordan, Mayor

Attest:


Sondra E. Smith, City Clerk Treasurer





City of Fayetteville, Arkansas

113 West Mountain Street
Fayetteville, AR 72701
(479) 575-8323

Text File

File Number: 2017-0118

Agenda Date: 3/7/2017

Version: 1

Status: Passed

In Control: City Council Meeting

File Type: Resolution

Agenda Number: C. 6

THEATRESQUARED PROPOSED PROJECT:

A RESOLUTION TO APPROVE A BUDGET ADJUSTMENT OF THREE MILLION ONE HUNDRED THOUSAND DOLLARS (\$3,100,000.00) TO INVEST IN THE THEATRESQUARED PROPOSED PROJECT TO BE BUILT ON CITY PROPERTY LEASED TO THEATRESQUARED, INC.

WHEREAS, Fayetteville has supported the performing arts for decades beginning with the funding in conjunction with the University of Arkansas (which used a Helen Walton grant) for the construction of the Walton Arts Center; and

WHEREAS, Fayetteville also purchased the land upon which it built the Walton Arts Center Parking Lot which served a vital role of providing sufficient parking to support the creation of a Dickson Street Entertainment District; and

WHEREAS, Fayetteville voters dedicated millions of sales tax dollars to build the original Walton Arts Center and recently dedicated many millions more of Hotel, Motel and Restaurant taxes to help finance the recent substantial enhancement and enlargement of the Walton Arts Center; and

WHEREAS, the City Council approved a very long term lease of the Spring Street Parking Lot to TheatreSquared, Inc. so it could construct a major new theater project costing about Thirty Million Dollars (\$30,000,000.00) partially funded by a Walton Family Foundation Challenge Grant of Nine Million Dollars (\$9,000,000.00); and

WHEREAS, TheatreSquared, Inc. has requested that the City of Fayetteville commit to invest Seven Million Dollars (\$7,000,000.00) towards this project; and

WHEREAS, this significant theater project is projected to generate tens of millions of dollars in increased economic activity in our Entertainment District during construction and about Five Million Dollars (\$5,000,000.00) annually in economic output when operational; and

WHEREAS, Mayor Jordan believes this theater project built on city-owned land will significantly enhance our Entertainment District and would be a wise investment in Fayetteville's future economic vitality; and

WHEREAS, Mayor Jordan fully supports this endeavor, but believes the City of Fayetteville cannot afford the Seven Million Dollars (\$7,000,000.00) requested by TheatreSquared and instead should

invest Three Million One Hundred Thousand Dollars (\$3,100,000.00) from the City's general fund reserves to help make the TheatreSquared, Inc.'s project a reality.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF FAYETTEVILLE, ARKANSAS:

Section 1. That the City Council of the City of Fayetteville, Arkansas hereby approves a budget adjustment of Three Million One Hundred Thousand Dollars (\$3,100,000.00) to enable Mayor Jordan to pledge and then invest that amount into the TheatreSquared, Inc.'s proposed theater project pursuant to a proper agreement which the City Council authorizes Mayor Jordan to execute.

City of Fayetteville Staff Review Form

2017-0118

Legistar File ID

3/7/2017

City Council Meeting Date - Agenda Item Only
N/A for Non-Agenda Item

Don Marr

2/21/2017

Chief of Staff

Submitted By

Submitted Date

Division / Department

Action Recommendation:

Approval of a budget adjustment to assist with the construction of the new Theatre2 building.

Budget Impact:

1010.090.6600-5740.00	General
_____ Account Number	_____ Fund
_____ Project Number	_____ Project Title
Budgeted Item? <u>No</u>	Current Budget \$
	Funds Obligated \$
	Current Balance \$
Does item have a cost? <u>Yes</u>	Item Cost \$ 3,100,000.00
Budget Adjustment Attached? <u>Yes</u>	Budget Adjustment \$ 3,100,000.00
	Remaining Budget \$

Previous Ordinance or Resolution # _____

V20140710

Original Contract Number: _____

Approval Date: _____

Comments:



CITY COUNCIL AGENDA MEMO

MEETING OF MARCH 7, 2017

TO: Fayetteville City Council
FROM: Mayor Lioneld Jordan
DATE: February 21, 2017
SUBJECT: TheatreSquared – Funding Request

RECOMMENDATION:

Approval of \$3.1 Million dollars of general fund reserves towards the public funding goals requested by TheatreSquared, Inc.(attached) for the construction of a new permanent premier performing arts national theatre located at the corner of West Avenue and Spring Street. I believe this investment will cement Fayetteville's future as the Northwest Arkansas's Region Theatre District.

BACKGROUND:

TheatreSquared is a non-profit professional theatre in downtown Fayetteville offering an intimate live theatre experience for 40,000 patrons each year, the only theatre of its kind in a 150-mile radius. TheatreSquared offers visitors access to professional artists in productions that are conceived, rehearsed and performed only in Fayetteville; broadly accessible ticket prices, many of which are subsidized for Fayetteville residents; educational programs reaching 1500 Fayetteville students at no cost; and free tickets for clients of various non-profit organizations in Fayetteville. It is the top-rated attraction for Fayetteville on the on-line service TripAdvisor, and has received recognition by the American Theatre Wing, founder of the Tony Awards, as one of the nation's ten best emerging theatres. The organization is currently leasing space from the Walton Arts Center in the Nadine Baum Studio as its primary performance area, and has several satellite locations for storing equipment, offices and other supporting activities.

Growth in the organization and region suggests that the capacity of TheatreSquared has yet to be realized. A study commissioned by the theatre determined that their rapid and sustained growth over the past 10 years, a tenfold increase in audience and budget since 2009, along with national recognition and the cultural arts amenities drawing visitors to the region, compels the organization to explore opportunities for an expanded and new permanent home. Significant infrastructure challenges, operating constraints and immediate capacity issues emerged from this long-term facilities plan, resulting in a new focus on building "an intimate, state-of-the-art, and permanent home."

In August of 2015 TheatreSquared announced the award of a competitive Our Town grant from the National Endowment of the Arts to begin the design exploration process. In September, the Walton Family Foundation selected TheatreSquared as an inaugural project for the Northwest Arkansas Design Excellence Program, providing significant grant funding to support exceptional architecture and design, thereby funding the design costs for the project.

(Continued)

The City supported TheatreSquared in these grant applications, to provide a new, world-class theatre in downtown Fayetteville. After reviewing several sites to locate a new permanent home in downtown Fayetteville, where the synergy of cultural arts, entertainment and necessary supporting amenities are available, TheatreSquared determined the property best situated to add to the performing arts destination that is downtown Fayetteville is a site at the southeast corner of West Avenue and Spring Street, home to a parking lot that was utilized as a construction staging and Walton Arts Center staff parking for much of 2014-2015. This property offers the appropriate size and proximity to public parking, the Walton Arts Center, Dickson Street, and other amenities that a downtown theatre needs to thrive.

In October 2015, the City Council approved Resolution 186-15, expressing the City's support of TheatreSquared and its intent to negotiate a lease to utilize the property at the southeast corner of West Avenue and Spring Street for a new performance facility. The mayor, staff and City Attorney's office have drafted and negotiated with TheatreSquared the terms of the agreement, which were adopted by the Fayetteville City Council.

TheatreSquared received a challenge grant from the Walton Family Foundation offering a \$9 Million dollar 1 to 2 matching grant for the construction of a permanent national theatre home for TheatreSquared to be located in Fayetteville. Theatre Square is seeking public funding of \$9 Million, to help meet a Walton Family Foundation 1 to 2 match of \$9 Million dollars and to have public partnership in making this vision a reality. Their letter of request is for the Fayetteville City Council to commit \$7 Million dollars towards this amount, \$2 Million dollars from other public funds, and all remaining funds to be raised from generous community supporters. If they are able to successfully raise 22.5 Million in funding, this will bring a total investment of \$31.5 Million and the performing arts center to Fayetteville.

DISCUSSION:

Attached in this packet, is the original funding request from TheatreSquared. The economic impact of this investment is outlined in the packet provided. The economic impact will be significant and lasting. As their letter states, "...The quality of Life in our City will rise as TheatreSquared offers expanded programming, educational opportunities, and access to community members of every background."

Timing for this project is critical, as public funding is needed to raise funding to the threshold necessary to secure financing and begin construction work. "The construction pricing is contingent upon breaking ground in a few months" as communicated in their funding request.

Additionally, establishing Fayetteville as the year-round regional theatre district, helps provide diverse performances fueling our downtown economic engine, drawing national arts tourists who are already traveling to our region for Crystal Bridges and many other cultural and entertainment experiences and to experience Fayetteville's unique sense of place.

Mike Harvey, the Chief Operating Office and current Interim Director for the NW Arkansas Council provided information from Economist Kathy Deck of the University of Arkansas Center for Business and Economic Research projects that states during construction alone this new building to be located in Downtown Fayetteville will generate \$50.6 Million dollars in economic output and over 350 jobs. And once the doors are open the economic impact will continue to pay back for decades to come, starting at \$5 Million dollars of economic output in the theatre's first year and growing each subsequent year.

(Continued)

This will become a publically owned building on public lands. Providing public funding helps make this project a reality, for an organization who was recognized by American Theatre Wing, (founder of the Tony Awards), as one of the nation's ten best emerging theatres, reaching over 18,000 Arkansas students in over 70 schools, and providing programming and educational opportunities to an annual audience of over 40,000 individuals.

The City's "Fayetteville First" Economic Development Plan, adopted by the 2016 City Council, and specifically speaks to the City supporting this type of investment. In the Arts and Culture Focus area, the Plan states:

The nonprofit arts and culture sector is a significant "industry" in the Northwest Arkansas area, generating over \$45 million in total economic activity. This includes nearly \$31 million by nonprofit arts and cultural organizations and more than \$14 million in event-related spending by their audiences, supporting nearly 1,500 full-time jobs, generating nearly \$30 million in household income to local residents, and delivering \$4.0 million in local and state government revenue. The support and further enhancement of the Fayetteville arts and cultural environment is critical.

And it also specifically states:

Action Item: Support Cultural Arts District development: The Fayetteville Cultural Arts District was established by the City Council in August 2007 (Resolution No. 160-07) and encompassed cultural anchors in the downtown area such as the Walton Arts Center and the Blair Public Library as well as multiple arts galleries and the revitalized Mill District. The defining characteristic of the Cultural Arts District will include a concentration of cultural facilities and related activities, including those that support the fine arts (concert halls, theatres, and galleries) as well as libraries, historical museums and educational institutions. The district should also include restaurants, nightclubs and other forms of popular entertainment.

This city is well on the way to its new goals for entrepreneurial services as the Startup City of the South and the non-profit, 501(c)3, TheatreSquared is one of the city's original startup companies, literally a troupe of entrepreneurs who have built this theatre from concept to reality and into its next phase of success -- "scaling up," as they say in the startup culture.

As the Mayor, I fully support this endeavor, as we believe the economic and cultural impact of an expanded, unique theatre in the downtown can be a significant draw for tourism and economic development to the City, supporting restaurants, shopping and other establishments. TheatreSquared has agreed to fundraise and construct a major theatrical performance facility on the premises, including other customer convenience facilities such as a coffee shop or restaurant, retail/gift shop, and a residential facility for performing artists and related persons. TheatreSquared may also provide facilities for collaboration, community activities, educational programming, and gathering spaces. Additional details regarding the programming of the planned spaces will be described by TheatreSquared.

(Continued)

BUDGET/STAFF IMPACT:

While I wish that I had the ability to provide the entire \$7.0 Million dollar request, it is incumbent upon me to make sure that I bring forward a plan that helps us advance our goals, but that does not put the city in a position of unsustainable financial security.

We have many competing priorities, and one of those will be discussed in this very agenda – the ability to attract, retain and grow the best and brightest talent available to service our citizens. And to do so, this will be an on-going reoccurring expense that we must also plan for and be able to financially sustain. I do not want to risk using our full reserves and to leave no funding flexibility in case of uncertain financial times. We have a new Federal administration, with many changes taking place that could impact the City financially, and I must consider that as well as we move forward with this request. And additionally, there are always the unknowns. But given all these factors, I still believe that we can succeed in maintaining our fiscally conservative, balanced budget commitment while continuing to make sound investments like TheatreSquared, much like the investment we made in Kessler Mountain Regional Park and the adjacent land we were able to preserve to make our mark as a multi-state regional player.

I believe this is an important project that we should support and I recommend that we provide \$3.1 million dollars from reserves as a one-time expenditure to support and advance our economic development arts & culture plan. This \$3.1 million dollar investment along with the lease of a valuable public parking lot for the construction of this facility in Fayetteville clearly shows my commitment to TheatreSquared and their project, and to our goal of Fayetteville becoming the performing arts capital of the region.

This is an investment in our future – estimated economic impact of over \$381 Million dollars over the 50 year life of the lease. The City will be making a sound long-term investment. This investment generates \$4.9 Million in annual economic output, and over 152 new jobs in just 3 years and continuing year after year. And this project also has an immediate economic impact of 350 jobs during construction and 50.6 Million dollars of Economic Impact during construction. As Mayor I believe this is the type of return on investment we want to see and the type of investment that drives growth for our future while implementing the economic development plan we adopted.

Attachments:

Letter of Request
Economic Impact Information
Project



TheatreSquared

RECEIVED

FEB 16 2017

CITY OF FAYETTEVILLE
MAYOR'S OFFICE

TheatreSquared
PO Box 4188
Fayetteville, AR 72702
ournextstage.org

The Honorable Lioneld Jordan
City Hall, 113 W. Mountain Street
Fayetteville, AR 72701

February 15, 2017

Dear Mayor Jordan,

With designs complete and a recent \$12.5 million commitment to TheatreSquared from the Walton Family Foundation to help build a permanent, premier national theatre in Northwest Arkansas, we write at a crucial moment.

"Here on this corner—here in our community—we see a permanent home for remarkable theatre, done well and with passion."

We see a premier national theatre in Northwest Arkansas.

We believe that Fayetteville has the opportunity to cement its future as our region's theatre district — with year-round, diverse performances fueling our downtown's economic engine and drawing hundreds of thousands of the national arts tourists who are already travelling to visit Crystal Bridges. We hope to help anchor this theatre district by building TheatreSquared's future, permanent home here in Fayetteville.

We ask for your partnership in funding this major economic development initiative and making this vision possible. The Foundation's commitment includes a \$9 million, one-to-two challenge to our community. We are seeking public funds to provide a second, equal \$9 million commitment toward this three-part challenge. We ask for your leadership and the support of the Fayetteville City Council to make a significant investment of \$7 million toward this public funding goal.



We are working to raise the third part of remaining funds from generous community supporters. In all, \$9 million in public funding will activate \$22.5 million in private funds, all raised by TheatreSquared, to bring this \$31.5 million facility to Fayetteville — which will become a publicly owned building constructed on public land. The economic impact, outlined in the following pages, will be significant and lasting. The effect on local businesses will be profound. The quality of life in our city will also rise as TheatreSquared expands programming, educational offerings, and access to community members of every background.

Timing is critical. The city's commitment will raise funding past the threshold needed to secure financing and begin work. Our construction pricing depends on breaking ground in a few months' time. With construction picking up region-wide, we've been advised that a delay would result in a significant cost increase.

With your partnership, we see the emergence of a true theatre district that defines our city as an arts destination for generations. The city's commitment is crucial to making this vision a reality. Thank you for your consideration.

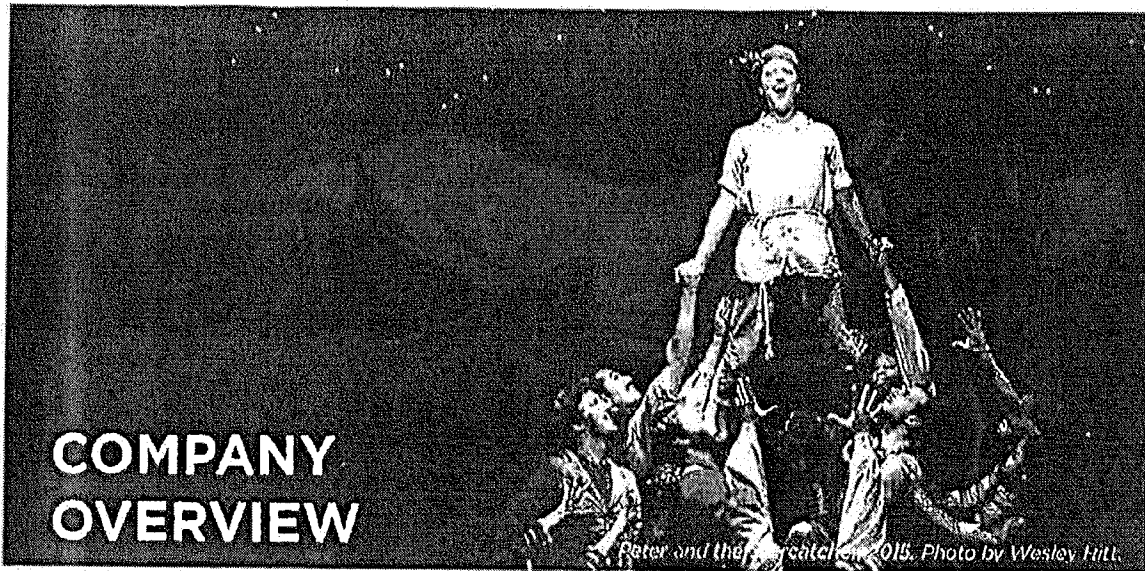
Sincerely,

Bob Ford
Artistic Director

Martin Miller
Executive Director

Lynn Carver
Board President

Hershey Garner
Community Task Force



COMPANY OVERVIEW

A NATIONALLY RECOGNIZED PROFESSIONAL THEATRE

Founded in 2005, TheatreSquared (T2) is a professional theatre company offering live productions and educational programs for an annual audience of 40,000. The American Theatre Wing, founder of the Tony Awards, has recognized T2 as one of the nation's ten best emerging theatres, highlighting the company's success both on stage and in reaching 18,000 Arkansas students in more than 70 schools.

A UNIQUE CULTURAL ASSET AND DESTINATION

TheatreSquared fills a crucial niche as a contributor to Fayetteville's quality of life. The company's unique combination of professional theatre, locally produced, in an intimate performance space is not replicated by any amenity within 150 miles. The theatre employs paid, career professionals to create each production entirely new in downtown Fayetteville. This singular arts experience is highly valued by T2's audience — a remarkable 96% of attendees surveyed in the 2014/15 Season responded that they were likely to recommend the theatre to a friend. T2 is currently Fayetteville's #1-rated attraction on TripAdvisor, and contributes \$3.1MM in economic activity year-round to the local economy.

A COMMITMENT TO BROAD ACCESS

T2 took a major step to broaden access for community members of diverse incomes and backgrounds by launching Lights Up! for Access in 2016. Lights Up! offers free tickets to clients of regional non-profits including 7Hills Homeless Shelter, NWA Single Parent Scholarship Fund, NWA Women's Shelter, Feed Communities, Lifestyles, and Ozark Literacy Council. The program also provides \$5 tickets to any community member with a SNAP (or food stamps) benefit card, and \$10 tickets for young Arkansans. Lights Up! is already making a measurable impact on the quality of life for thousands of lower-income community members who would be otherwise unable to attend.

4100 Corporate Center Drive
Suite 205
Springdale, Arkansas 72762

The Honorable Lioneld Jordan, Mayor
City of Fayetteville
113 W. Mountain St.
Fayetteville, AR 72701

February 13, 2017

Dear Mayor Jordan,

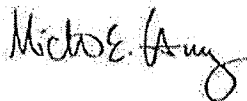
On behalf of the Northwest Arkansas Council, I write to strongly endorse TheatreSquared's request for an investment of city funding to leverage multiplied private matching dollars and construct a permanent new economic development engine for our region and state — a 50,000 square-foot cultural facility which will be home to our state's second year-round professional theatre, TheatreSquared.

This is a shovel-ready project that soundly delivers on our priorities of economic development, physical infrastructure, and workforce development. Economist Kathy Deck of the University of Arkansas Center for Business and Economic Research projects that, during construction alone, this new building will create \$50.6 million in economic output in Arkansas as well as 350 jobs. And, once the doors are open, our initial investment will continue to pay back and multiply for decades to come, starting at \$5 million in economic output during the theatre's first season and growing each subsequent year.

A top-tier regional theatre will help us attract more jobs and more 21st century businesses to our state, while enhancing quality of life to help us retain the best talent. It will also greatly advance our state's position as a destination for cultural tourism, as visitors book their hotel stays longer to see a show and spend more dollars at local businesses.

The fact that a public investment will activate a major private investment makes timely action crucial. I appreciate your support for this project and welcome any questions you may have.

Sincerely,



Michael E. Harvey
Chief Operating Officer
Northwest Arkansas Council

ECONOMIC IMPACT AND OUTPUT

I. Construction Impact

The \$31.5 million construction project to build a 50,000 square-foot theatre building in Northwest Arkansas will generate:

\$50.6 million

ECONOMIC OUTPUT IN ARKANSAS

350 jobs

FTE DIRECT, INDIRECT AND INDUCED

UA CENTER FOR BUSINESS AND ECONOMIC RESEARCH ANALYSIS

"We estimate that the total economic output from the construction activity would be \$50.6 million. The investment would generate 350.4 jobs for one year - 212.6 direct jobs, 70.5 indirect (in the supply chain) jobs, and 67.4 induced (from consumer spending) jobs. Tax revenues would be on the order of \$3.2 million."

Director Kathy Deck

II. Annual Economic Impact

ANNUAL IMPACT, 2020

\$4.9 million

2020 ECONOMIC OUTPUT

152 jobs

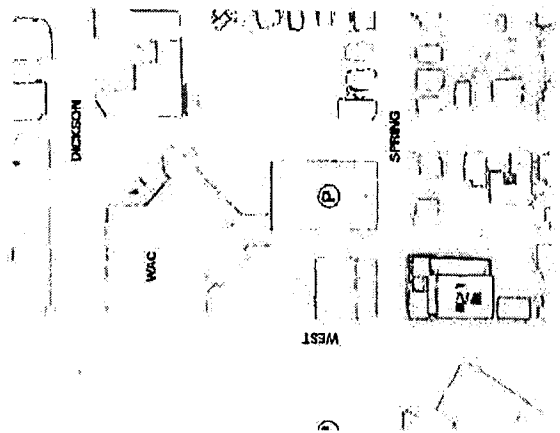
2020 FTE JOBS

50-YEAR IMPACT, 2020-2070

\$381 million

50-YEAR ECONOMIC OUTPUT

SOURCE: Arts & Economic Prosperity IV, based on the rigorous research findings from 182 study regions including Northwest Arkansas.



"**STEVE CLARK**, Fayetteville chamber president, said people from out of town might go to the venue to eat, see a show and experience the city. 'While they're sitting there, they say, 'You know, this might be a good place to live,' he said. 'So, from a Chamber of Commerce perspective, we are thrilled...'"

"**The new theater will create permanent jobs and will become a major source of revenue, pride and service to the community,**' Clark said. 'I'm looking forward to being there on opening night in 2019.'"

NWA Democrat Gazette, Jan. 18, 2016

1/27/17

Dear Mayor Jordan,

I heard the great news last week that TheatreSquared had received \$12.5 million in grants from the Walton Family Foundation to build a 50,000 square-foot home in downtown Fayetteville, just a block from Dickson Street. I understand the grant includes a \$9 million challenge to our community.

I'm writing in strong support of your efforts to help take up this challenge and fund this project. It's vital that we keep this nationally recognized theatre in downtown Fayetteville and seize the chance to create a unique space that will draw hundreds of thousands of people to downtown Fayetteville in the next decade.

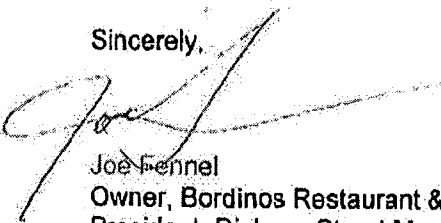
The economic development argument is strong — a \$50 million one-time impact from construction, and then \$5 million a year pumped into our local economy. Dickson Street merchants will feel the impact firsthand, as will businesses across our city.

As you know, I've been on Dickson Street since 1980, and I've seen what a difference the arts make for local businesses. The City, the University, and the Walton family made a commitment that transformed our downtown when we banded together to build the Walton Arts Center. Twenty-five years of solid growth for our downtown is compelling evidence that investing in the arts pays us back.

Our region is changing. Today, we have an opportunity to make Fayetteville and its performing arts and theatre district a year-round engine for local businesses in the downtown and Dickson Street area. Making this vision a reality will have an impact on Fayetteville and everyone who lives here. It will also make us a can't-miss destination for the hundreds of thousands of arts tourists already flocking to Crystal Bridges.

Opportunities like this are rare. I encourage you to be bold. You have my support and the support of our DSMA members. As we position ourselves for generations to come, I feel this project gives us the opportunity to create something very, very special.

Sincerely,



Joe Fennel
Owner, Bordinos Restaurant & Wine Bar
President, Dickson Street Merchants Association



THE VISION

The path to a new, permanent home for TheatreSquared began with a vision statement drafted by a group of community members and artists in March 2015:

"We see TheatreSquared as its own center, a destination and a place of origin. The work created here will draw audiences from near and far, and be our region's export to the world's theatre centers.

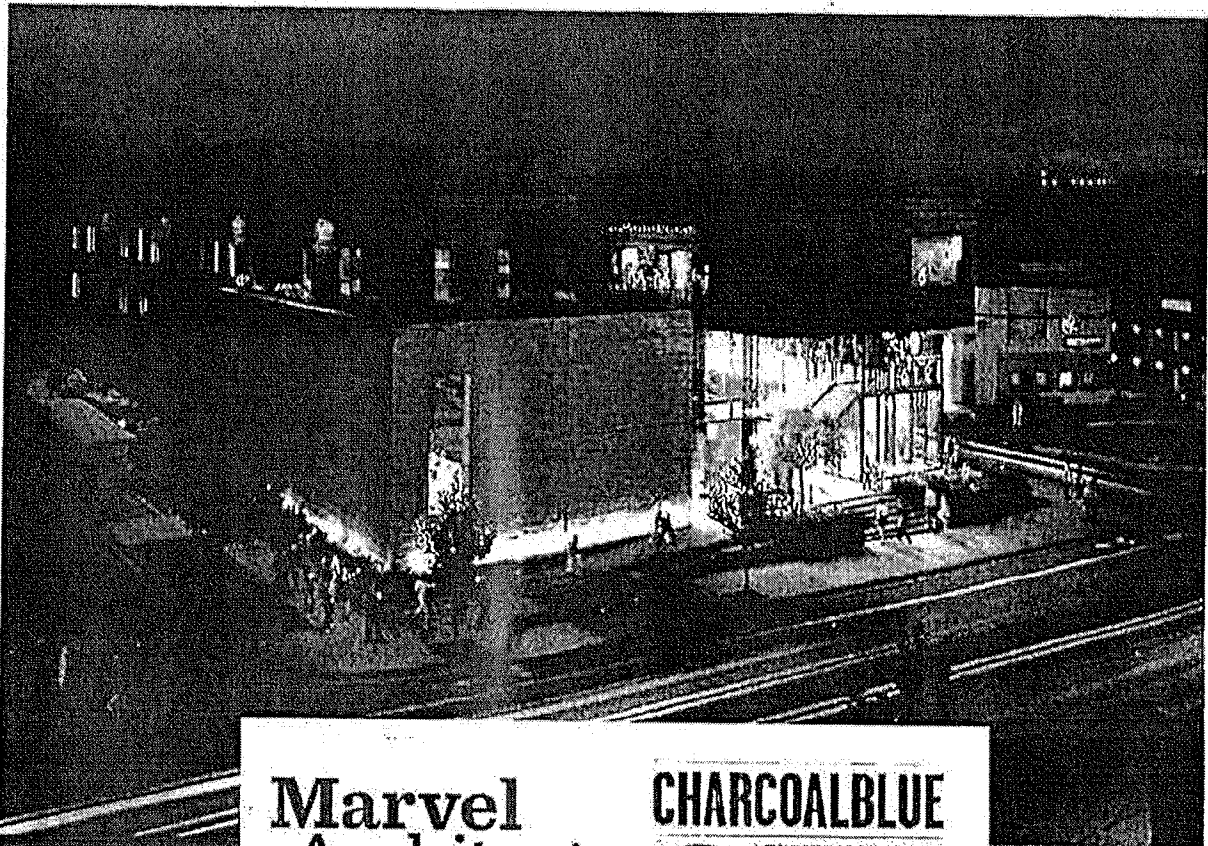
We see a gathering place—a theatre commons—that is welcoming and fascinating, alive with activity. A building that draws the eye and evokes curiosity.

Here on this corner —here in our community—we see a permanent home for remarkable theatre, done well and with passion. We see a premier national theatre in Northwest Arkansas."

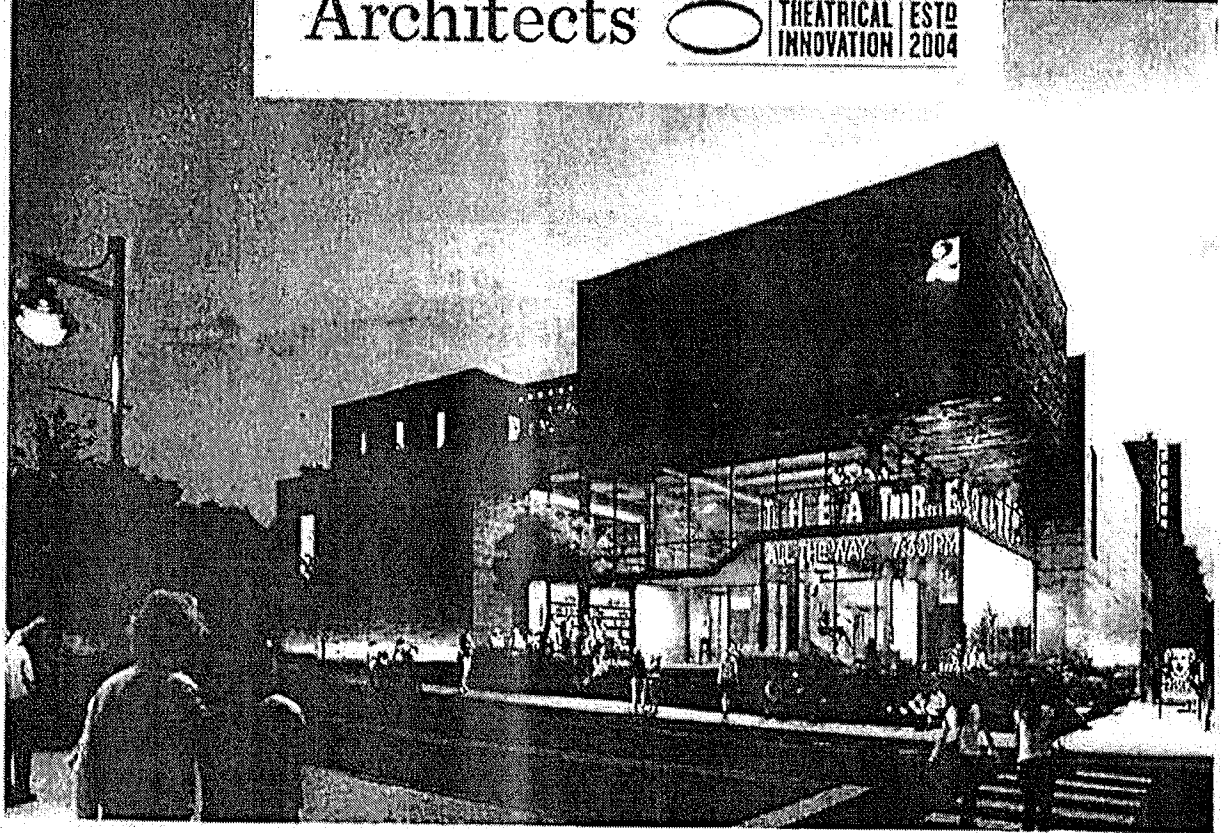
THE TEAM

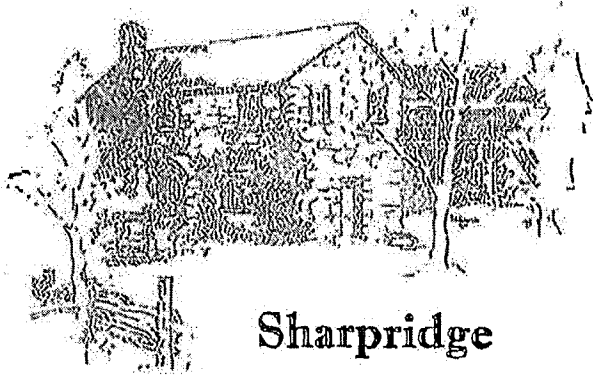
With support from the Walton Family Foundation's Design Excellence program, TheatreSquared announced the selection of a world-class design team in November 2015. London-based theatre planners Charcoalblue — who served as theatre planners for the Royal Shakespeare Company's new Courtyard Theatre, the Young Vic, two new venues at London's National Theatre, and the 2014 RIBA Sterling Award-winning Everyman Theatre, among many others — were selected to lead the design team.

New York-based Marvel Architects was selected from over 70 international applicants to design the theatre building. Marvel's portfolio includes a new Brooklyn Public Library, the national competition-winning entry for the new Constitution Gardens on the National Mall, a master plan for Playwrights Horizons, and the beautiful new home for the storied New York theatre, St. Ann's Warehouse.



Marvel Architects **CHARCOALBLUE**
THEATRICAL | ESTD
INNOVATION | 2004





2062 S. Smokehouse Trail
Fayetteville, AR 72701-7723

(479) 267-3205

Frank Sharp - fsharp@pgtc.com
Sara Sharp - ssharp@pgtc.com

February 13, 2017

Mayor Lioneld Jordan,
City of Fayetteville
113 W. Mountain Street
Fayetteville, AR 72701

COPY

Dear Mayor Jordan,

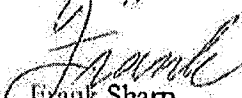
You and the council are too young to remember, about thirty years ago the *City of Fayetteville* took a giant, courageous step in support of the arts. The City and University each put up five million dollars—that's \$9 million in today's dollars—to build an arts center. It was a huge act of faith, as our arts center committee had really done nothing but meet and plan!

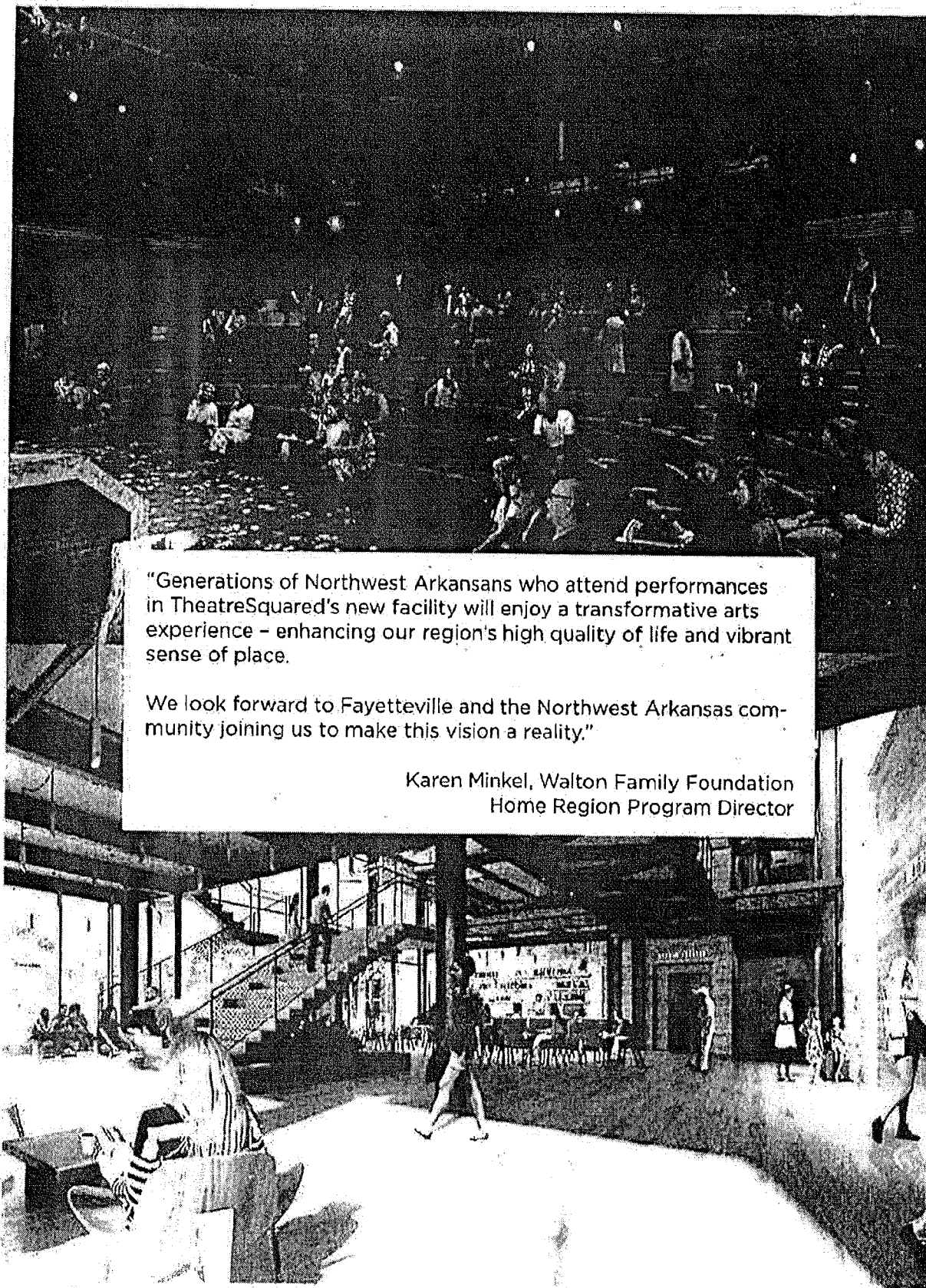
It turned out that the funding needed a third leg of a "three-legged funding stool". Generous donors - under the persuasive Billie Jo Starr- raised private money to provide that third leg of the stool. This combination of City, University and private funds made possible the creation of the *Walton Arts Center*, one of the important factors in making northwest Arkansas one of the top places in the nation to live!

The City now has another challenge in support of the arts. Unlike our committee years ago, *Theatre Squared* has proven itself with eleven successful seasons and an annual budget of two million dollars. And amazingly, this young organization has come to the city with an offer to provide two legs of a three-legged funding stool on its own — and then some.

Unfortunately, time is short! *Theatre Squared* needs to meet its challenge grant; to not let its construction costs balloon with a delay; and to break ground in June. I hope that you can figure out a way to give *Theatre Squared* the money it needs to construct a world-class theater and continue the terrific progress we have made here in Fayetteville in maintaining our quality of life.

Sincerely,


Frank Sharp



"Generations of Northwest Arkansans who attend performances in TheatreSquared's new facility will enjoy a transformative arts experience - enhancing our region's high quality of life and vibrant sense of place.

We look forward to Fayetteville and the Northwest Arkansas community joining us to make this vision a reality."

Karen Minkel, Walton Family Foundation
Home Region Program Director

COST-EFFICIENT, SUSTAINABLE CONSTRUCTION

Due to a highly cost-efficient design, TheatreSquared's average cost per square foot (CSF) compares favorably to the national average cost of performing arts building projects, coming in nearly 30% below industry comparables in construction cost.

\$770/sf

Average CSF of nationally benchmarked performing arts projects

Source: Dharam Cost Consulting

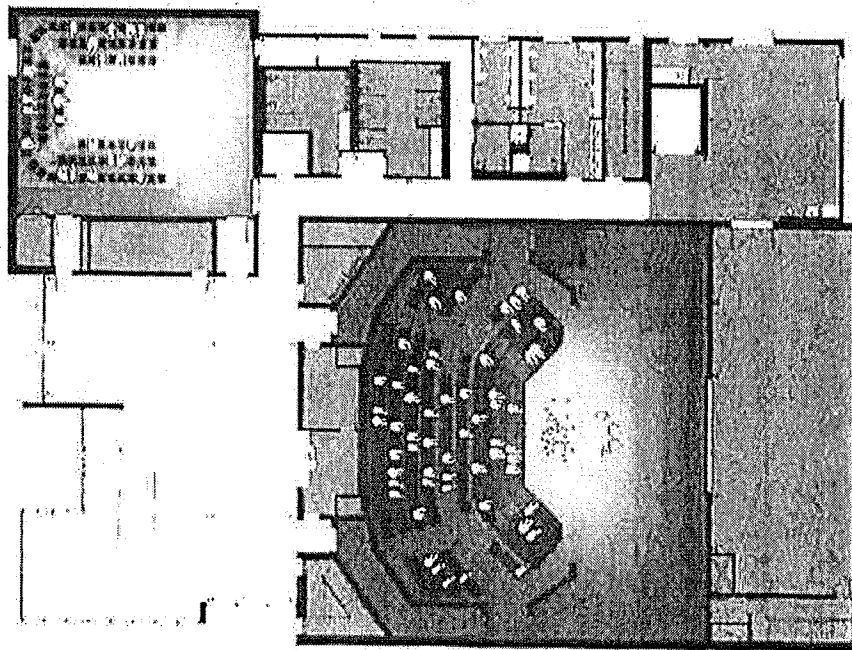
\$550/sf

TheatreSquared new building project, 100% DD Pricing

Source: Baldwin & Shell

Sustainable through-and-through, the project exceeds national standards with repurposed building materials, all-LED lights, furniture milled from trees on site, enhanced commissioning, and efficient systems. Behind the building, an artist's patio will be constructed out of reclaimed brick from a historical structure that once stood near the old Fayetteville Depot.

With high acoustic requirements and reduced glazing, the building's thermal efficiency is unusually high. Design choices have also led to sustainable construction and long-term operation, with few added ornamental finishes, very little drywall, and little need for high-VOC paints and coatings. Reducing added finishes also allows for the use of primarily local and regional materials. With these factors, along with low-flow plumbing fixtures, local species planted on grounds, re-use of concrete formwork as a construction material, and other innovations, Northwest Arkansas's new regional theatre will also be a regional model as a sustainable building project.





UNIVERSITY OF
ARKANSAS

Office of the Chancellor

January 18, 2017

The Honorable Lioneld Jordan
City of Fayetteville
113 West Mountain Street
Fayetteville, AR 72701-6083

Dear Mayor:

As Chancellor of the University of Arkansas, I am writing to you today to express my full support behind TheatreSquared's efforts to secure funding for a future permanent home. Recognizing the tremendous benefits the new building will have on Fayetteville and Northwest Arkansas, the Walton Family Foundation has committed \$12.5 million to support its construction. I, too, believe this new venue will benefit our city and region by strengthening the tourism base, enriching culture across Arkansas, and yield economic benefits to the city and region.

Also, we want the U of A to be able to offer our current and prospective students, faculty, and staff the opportunity to attend performances in a quality setting that will enhance their cultural experiences. This new theatre space has the potential to do just that.

I look forward to our continued partnership with T2 in a new state-of-the-art facility that will help make the city and university even better!

Sincerely,

A handwritten signature in black ink, appearing to read "J. Steinmetz".

Joseph L. Steinmetz, PhD
Chancellor

c: Martin Miller



Students watch a TheatreSquared in-school performance. Photo by Beth Hall.

EDUCATION & ACCESS

TheatreSquared's education programs already serve 18,000 students each year — but the theatre lacks any dedicated space for its education programs in Fayetteville, and so all of its workshops and performances must be conducted in makeshift spaces within schools (and often outside of Fayetteville). The new facility will allow the theatre to host far more of its educational programs in downtown Fayetteville.

The theatre's tickets for its mainstage performances are more accessible than ever, with free tickets for low-income clients of community organizations, \$5 tickets for SNAP (or food stamps) benefit recipients, as well as \$10 tickets for young Arkansans. The broad use of these access programs is currently limited, however, by the capacity of the theatre's current venue and by third-party ticket fees added to low-cost tickets. These constraints will be erased in the new facility.

In the new theatre center, always-open public gathering and meeting spaces will be a year-round resource for the community, supporting access and creating a sense of true public ownership.

CONCLUSION

We believe that theatre, done well and with passion, can transform lives and communities. This significant initiative will be transformative for Fayetteville. Your support will help us cement Fayetteville's role as our region's theatre district, will help unify Dickson Street, the Library, and the Square as part of one "supremely walkable" arts district (Fayetteville Downtown Master Plan), and will raise the quality of life for citizens of Fayetteville for decades to come. We appreciate your consideration of this proposal and look forward to a continuing conversation.

Res 68-17

CERTIFICATE OF FUNDING

Theatre Squared, Inc., an Arkansas nonprofit corporation ("Company"), does hereby certify to the City of Fayetteville, Arkansas ("City"), that Company has in hand, either in the form of cash, lines of credit or pledges, a majority of the funding needed for Company to construct a theatrical performance facility on the land leased by Company from City.

IN WITNESS WHEREOF, this Certificate of Funding is executed by Company on this 31 day of May, 2017.

THEATRE SQUARED, INC.,
an Arkansas limited liability company

By: [Signature]
Martin Miller, Executive Director

STATE OF ARKANSAS)
)ss.
COUNTY OF WASHINGTON)

ACKNOWLEDGMENT

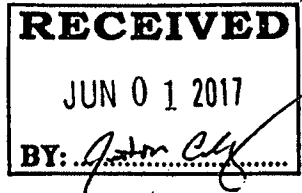
On this day, before me, a Notary Public, duly commissioned, qualified and acting, with and for said County and State, appeared in person the within named **Martin Miller**, to me well known, who stated he was the Executive Director of **Theatre Squared, Inc.**, an Arkansas limited liability company, and was duly authorized in such capacity to execute the foregoing instrument for and in the name and on behalf of the company, and further stated and acknowledged he had so signed, executed and delivered the foregoing instrument for the consideration, uses and purposes therein mentioned and set forth.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal this 31 day of May, 2017.

[Signature]
Notary Public

My commission expires:

2-28-22
(SEAL)



CONTRACT

This contract is entered into and agreed to by and between the City of Fayetteville and Theatre Squared, Inc., an Arkansas corporation upon this contract's execution by both parties.

WHEREAS, on June 7, 2016, Resolution No. 121-16 was passed by the City Council which authorized Mayor Jordan to sign the Lease Agreement to lease the Spring Street parking lot to Theatre Squared, Inc. Mayor Jordan signed this lease on June 9, 2016 to be effective upon the approval of Theatre Squared, Inc.'s large scale development and its certification to the City that Theatre Squared, Inc. "has the finances in hand or properly pledged to the City's satisfaction to construct a substantial (majority) portion of its project."; and

WHEREAS, pursuant to Resolution No. 68-17 passed by the Fayetteville City Council on March 7, 2017, the City approved "a budget adjustment of Three Million One Hundred Thousand Dollars (\$3,100,000.00) to enable Mayor Jordan to pledge and then invest that amount into the (City-owned) Theatre Squared, Inc.'s proposed theater project pursuant to a proper agreement"; and

WHEREAS, Theatre Squared, Inc. desires to raise sufficient resources to construct its proposed theater project upon the City's property leased to Theatre Squared, Inc. and operate its theater to bring additional customers into Fayetteville's Entertainment District and provide them with excellent theatrical performances; and

WHEREAS, the City of Fayetteville and Theatre Squared, Inc. desire to enter into this contract to authorize the City of Fayetteville to invest up to Three Million One Hundred Thousand Dollars (\$3,100,000.00) into Theatre Squared, Inc.'s proposed theater project (hereinafter, "theater project") to be constructed on City property leased to Theatre Squared, Inc.

IN CONSIDERATION OF AND IN AGREEMENT WITH THE TERMS, CONDITIONS, PROMISES, COVENANTS AND OBLIGATIONS within this agreement and the Lease Agreement, the City of Fayetteville and Theatre Squared, Inc. promise and covenant as follows:

1. Theatre Squared, Inc. promises to raise in cash, loans and/or financial commitments acceptable to the City of Fayetteville sufficient funds to complete the construction of its proposed theater project as presented to the Fayetteville City Council and approved by the Fayetteville Planning Commission. The acceptability of any and all financial commitments and the sufficiency of approved funds to complete the theater project shall be within the sole discretion of the City.

2. The City of Fayetteville shall express its acceptance of the funding obtained by Theatre Squared, Inc. as sufficient (with the addition of the City's investment) to fully construct the theater project and thus justify the investment of the City's Three Million One Hundred Thousand Dollars (\$3,100,000.00) to help complete the theater project by the passage of a City Council Resolution to that effect and the Resolution's approval by Mayor Jordan.

3. Theatre Squared, Inc. shall properly bid in accordance with state purchasing laws and City of Fayetteville requirements at least such portions of the project (as agreed by both parties) which may then be authorized for payment by tax dollars.

4. Upon passage of the Resolution referred to in paragraph 2 and the proper bidding referred to in paragraph 3, the City of Fayetteville will then promise to pay the amount of the lowest responsive, qualified and responsible bidder for those agreed to portions of the construction contract to Theatre Squared, Inc. for the sole use to pay such approved contracts until the City has invested the Three Million One Hundred Thousand Dollars (\$3,100,000.00) previously agreed upon. Theatre Squared, Inc. promises to use these City funds solely and exclusively to pay the agreed upon qualified contracts. It is anticipated that at least one of these contracts will have to be funded both by the City and Theatre Squared to enable the City to invest its full \$3.1 Million into this project.

5. Theatre Squared, Inc. promises that it will timely complete the theater project as presented and described to the Fayetteville City Council and approved by the Planning Commission and agrees that it has the exclusive obligation to satisfactorily perform and accomplish (possibly through its architect, general contractor or contract manager) the following duties and responsibilities related to the design, construction and completion of its theater project on the corner of West Avenue and Spring Street:

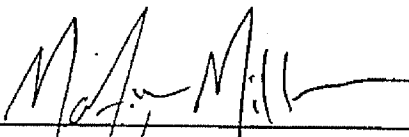
- a. Complete and adequate architectural and engineering design of the overall project, building, and each component therein;
- b. Preparation of adequate bidding contracts and proper specifications of all components and materials to be used in the project;
- c. Proper legal selection of the of the lowest qualified bidder for any portion of the project in which funds from the City of Fayetteville shall be invested;
- d. Geotechnical and soils testing necessary to ensure a proper, stable, adequate and secure foundation for the project;
- e. Testing and inspection of all materials to be used in the project;
- f. Testing and inspection of the installation or use of all such construction materials to ensure compliance with the contract and proper construction techniques;
- g. Complete and proper compliance with all requirements of the large-scale development approved by the Fayetteville Planning Commission;
- h. Complete and proper compliance with all applicable provisions of the Unified Development Code and obtaining the appropriate Certificate of Occupancy from the City;
- i. Proper and complete payment of all contractors, subcontractors, materials suppliers and professional service providers;
- j. Resolution, settlement and/or payment of all legitimate claims related to the construction of the theater project;

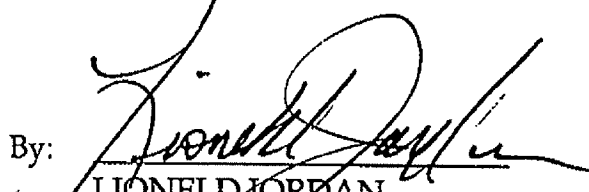
- k. Prompt and full payment of all applicable taxes (including assessed millage taxes) on the property, building, furnishings and equipment therein.
6. Theatre Squared, Inc. agrees that the City of Fayetteville has no responsibility or liability for any of the obligations listed in paragraph 5 and that the City of Fayetteville's sole responsibility is to invest its Three Million One Hundred Thousand Dollars (\$3,100,000.00) pursuant to paragraph 4 of this contract.
7. Theatre Squared, Inc. agrees to indemnify and hold harmless the City of Fayetteville, its officers and employees from any and all claims, demands, liabilities, and costs including attorney fees related to the design and/or construction of the theater project.
8. Theatre Squared, Inc. agrees that all the terms, conditions and promises contained within the Lease Agreement with the City of Fayetteville executed on or about June 9, 2016, for the premises upon which this theater project will be built are also specifically agreed to by Theatre Squared, Inc. and will be fully and properly performed as an additional major consideration provided to the City of Fayetteville for the City's \$3.1 Million investment into this theater project.
9. Theatre Squared, Inc. expressly acknowledges and agrees that at the end of its leasehold the building, fixtures and all other improvements shall revert to the full occupation, control and ownership of the City of Fayetteville without the payment of any consideration to Theatre Squared, Inc.
10. Theatre Squared, Inc. agrees to fully and timely pay any secured indebtedness on its theater project and prevent any foreclosure of any such mortgage or other indebtedness secured by the project or the premises upon which the theater project will be constructed.
11. Theatre Squared, Inc. agrees to fully and promptly comply with the Arkansas Freedom of Information Act and acknowledges that its documents, reports, statements, etc. relating to the use of the City's

In agreement with all the terms, conditions, promises and agreements previously stated, we sign our names below and expressly covenant that we are legally empowered to bind the entity for which we sign.

THEATRESQUARED, INC.

CITY OF FAYETTEVILLE

By: 
Martha Miller
Printed name

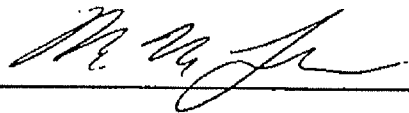
By: 
LIONELD JORDAN
Mayor

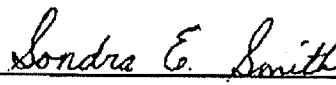
Title: Executive Director

Date: June 27, 2017

WITNESS:

ATTEST:

By: 
Rhonda M. Lynch
Printed name


City Clerk

Date: June 28, 2017

Title: Paralegal, COF

Date: June 27, 2017

