

THEATER SUBDISTRICT COUNCIL LOCAL DEVELOPMENT
CORPORATION

MINUTES OF THE MEETING OF DIRECTORS

This meeting of the directors of the Theater Subdistrict Council Local Development Corporation ("Corporation"), was called by the Chairperson and held at 1:00 PM on April 22, 2008, at 22 Reade Street, New York, New York, 10007.

The following Directors were present:

Kate Levin, Alternate for Michael Bloomberg, Mayor, New York City
Amanda Burden, Director, Department of City Planning
Daniel R. Golub, Alternate for Scott Stringer, Manhattan Borough President
Danielle Porcaro, Alternate for Christine Quinn, Speaker, New York City Council
Paige Price, Speaker's designee

A quorum of the Board of Directors was present.

Notice of this meeting was given to all Directors on April 4, 2008. Public notice of this meeting was posted in accordance with the Public Officer's Law, and was given to Manhattan Community Boards 4 and 5 in accordance with the bylaws.

The alternate for the Mayor, Commissioner Kate Levin presided as Chairperson.

It was noted that the minutes from the March 19, 2008, meeting of directors was given to all Directors on April 18, 2008. There being no corrections to the minutes, upon motion made and seconded, the minutes were unanimously adopted.

It was noted that, based on the Resolutions of the board at its last meeting, the following actions have been taken:

- (i) Patricia Armstrong was retained to prepare the federal form 990 and to conduct the required audit for FY 2006 - 2007. The federal form 990 and state CHAR 500 were filed on April 15th. The audit is currently proceeding and the results will be made available to the board.
- (ii) DCA has posted a request for proposals for the consultant position and has forwarded it to various individuals who were recommended. DCA is currently receiving proposals.

Draft financial statements for year ending May 31, 2008, and the budget for fiscal year 2008-2009 budget were presented to and discussed by the board.

The following motions were made, seconded and unanimously passed:

RESOLVED, that the Theater Subdistrict Council Local Development Corporation budget for Fiscal Years 2008 - 2009, as set forth in Exhibit A, is hereby approved; and it is

FURTHER RESOLVED, that the financial statements for fiscal year ending May 31, 2008, as set forth in Exhibit B, are hereby approved; and it is

FURTHER RESOLVED, that the Treasurer shall modify the financial statements to account for any additional income or expenses incurred before May 31, 2008, as set forth in the Notes of Exhibit B, and that the modified financial statements shall be provided to all members of the board; and it is

FURTHER RESOLVED, that the Treasurer shall submit and file the financial statements for year ending May 31, 2009, and the budget for fiscal year 2008-2009, as necessary to comply with local, state, and federal laws.

It was noted that the draft grantmaking procedure was published on DPC's website, and provided to Manhattan Community Boards 4 and 5. Comments were received from Community Board 5, 52nd Street Project, Shubert Organization and Mr. Jack Goldstein, and were provided to all board members.

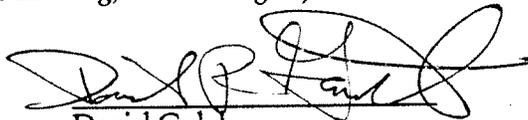
The Chair lead a discussion of the comments, proposed changes to reflect the comments, and offered alternative grantmaking programs for consideration by the board.

Upon motion made, seconded and unanimously passed, the grantmaking procedure was approved in the form attached hereto as Exhibit C.

Board members were reminded of their responsibility to attend the Public Authorities Accountability Act training session.

The Chair directed that the annual meetings of directors and members would be held when the board meets to consider grant applications are considered this fall.

There being no other business before the meeting, the meeting adjourned at 2:15 PM.

A handwritten signature in black ink, appearing to read 'Daniel Golub', written over a horizontal line.

Daniel Golub,
Alternate for Secretary

EXHIBIT A

BUDGET: Fiscal year ending 2009			
	2008-2009	2007-2008	2006-2007
INCOME		(Current)	(Actual)
From Contributions	\$2,350,352.76	\$817,366.20	\$1,700,792.52
From Interest*	\$ 57,028.79	\$52,757.36	\$26,564.59
TOTAL INCOME	\$2,407,381.55	\$870,123.56	\$1,727,357.11
EXPENDITURES			
Grants and Programmatic**	\$800,000.00	\$0.00	\$0.00
Administrative***	\$2,000.00	\$1,000.00	\$0.00
Accounting/Auditing	\$5,000.00	\$2,500.00	\$0.00
Consultant	\$50,000.00		
TOTAL EXPENDITURES	\$857,000.00	\$3,500.00	\$0.00
BUDGET BALANCE	\$1,550,381.55	\$866,623.56	\$1,727,357.11

Estimated balance in accounts at beginning of FY 2008-2009 \$2,601,104.67

Estimated balance in accounts at end of FY 2008-2009 \$4,151,486.22

NOTES:

* Interest for "2007-2008 Current" includes interest accrued through 3/31/08. Interest estimate for "2008-2009" assumes (i) that the current interest rates continue on both checking and savings, and (ii) that the contribution is received and grants and other expenses are incurred 6 months into the fiscal year. It is, however, likely that interest rates will decrease during this year.

** 80% of the \$1,000,000 in grants awarded will be distributed during the fiscal year.

*** Includes expenses related to grant program (advertisement, mailing, reproduction, and misc. supplies).

EXHIBIT B**INCOME STATEMENT: June 1, 2007 - May 31, 2008**

REVENUE		
Contributions through May 31, 2008		
Broadhurst		\$817,366.20
Interest (earned on escrow 6/06 - 2/4/08)		\$49,352.65
Interest (earned on accounts 1/18/08 - 3/31/08)		\$3,404.71
Interest (earned on accounts 3/31/08 - 5/31/08)*		\$7,124.00
Total Revenue		\$877,247.56
EXPENSES		
Filing Fees**		\$1,000.00
Accountant/Auditor***		\$2,500.00
Total Expenses		\$3,500.00
NET INCOME through May 31, 2007		\$873,747.56

Beginning Balance	\$1,727,357.11
Ending Balance	\$2,601,104.67

NOTES

- * Estimate based on current monthly interest earning of \$3,562
- ** Includes \$750 fee paid to IRS with application to recognize non-profit status, and \$250 fee paid to the NYS Charities Bureau with the annual filing.
- ***Not yet billed, but expect to pay before the end of the fiscal year

Possible adjustments to revenues

1. Contribution of \$2,350,352.76 may be received in relation to the approved transfer at 250 W 55th Street, Manhattan
2. Interest (earned on accounts 3/31/08 - 5/31/08), will be adjusted to reflect actual amount

Possible adjustments to expenses

1. Payment to auditor of \$2,500 could be held until after 5/31/08
2. Initial payment to consultant
3. Expenses related to publication of the grant application.

BALANCE SHEET: May 31, 2008**ASSETS**

Cash (TSC checking and savings account)	\$2,601,104.67
Accounts Receivable	\$0.00
Inventories	\$0.00
Other Assets	\$0.00

LIABILITIES

Accounts Payable	\$0.00
Other Liabilities	\$0.00

EQUITIES

Total Fund Balances or Net Assets	\$2,601,104.67
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NOTES

Balance Sheet will be adjusted based on any adjustments to the Income Statement.

Exhibit C – Grant Administration

Background

In 1998, the City adopted amendments to the Theater Subdistrict regulations of the New York City Zoning Resolution in order to establish new and modified regulatory incentives and controls aimed at the preservation and enhancement of the area as a cultural, theatrical and entertainment showcase.¹ The Theater Subdistrict Council, a not-for-profit corporation, has been established pursuant to the Theater Subdistrict regulations to help promote “theater and theater-related use and preservation” within the Subdistrict.

The Zoning Resolution further defines the Subdistrict Council’s goals as including: enhancing the long-term viability of Broadway by facilitating the production of plays and small musicals within the Theater Subdistrict; developing new audiences for all types of theatrical productions; and monitoring preservation and use covenants in certain specified Broadway theaters that lie within the Subdistrict boundaries.

With assistance from the New York City Department of Cultural Affairs (DCA) and the Department of City Planning, the Theater Subdistrict Council is administering a new grant program available to NYC’s not-for-profit organizations. Programs made possible by funding from the Theater Subdistrict Council will seek to celebrate the live art form of theater and create and expand the audience base attending live theater, as well as enhance the body and quality of performance options. Funding for the grant program is provided through contributions to the Theater Subdistrict Fund made in connection with the transfer of development rights from listed theaters, pursuant to Section 81-744 of the Zoning Resolution.

The goals of the grant program were developed with recognition of the vital role that theater plays in the overall economic and social well-being of New York City. Broadway is a leading attraction for local residents and visitors from all over the world. In recent years, the definition and public face of Broadway has changed as not-for-profit organizations have contributed increasingly to the growth and development of the Broadway canon. For example, since 1998, 39% of all Tony Awards presented have been awarded to shows that were produced by or productions that transferred from New York City-based not-for-profit theaters.

The changing nature of theatrical options offers opportunities to expand the base of theatergoers attending live performances in New York City and to enhance the

¹ The Theater Subdistrict is bounded by West 57th Street, Avenue of the Americas, West 40th Street, Eighth Avenue, West 42nd Street, a line 150 feet west of Eighth Avenue, West 45th Street and Eighth Avenue. The Theater Subdistrict Core is bounded by West 50th Street, a line 200 feet west of Avenue of the Americas, West 43rd Street and a line 100 east of Eighth Avenue.

theatergoing experience. The Council's grant program is intended to support this expansion.

The Subdistrict Council consists of the Mayor, the Speaker of the New York City Council and his or her designee, three (3) representatives appointed by the Mayor from the performing arts, theatrical and related industries, the Director of the New York City Department of City Planning, and the Manhattan Borough President.

Grant Program

In keeping with the Council's objectives, the grant program is designed to stimulate and support new forms of theatrical productions, to enhance and encourage new audiences, and to promote historic district and theater preservation activities. The grant program is open to:

- organizations and consortia offering cultural programs based in and operating in the five boroughs,
- that are incorporated in New York State; **in the case of consortium applications, the lead partner must be incorporated ;**
- have been in existence and providing public services for no less than two years or, **in the case of a consortium formed for the purposes of applying for a TSC grant, the members must have a significant prior history of providing cultural services, and**
- had an organizational operating income of \$200,000 or more in FY07. **In the case of consortium applications, the combined operating income of the participating members must total \$200,000 or more in FY 07. Consortium applicants will be expected to designate a lead partner with whom the financial contract will be made. Consortium members must indicate the amount and duration of their fiscal contribution or commitment to the consortium.**

The first round of grantmaking by the Council will seek innovative proposals that promote activities in three categories, described below. Future rounds of grantmaking may seek to promote different or additional activities consistent with the Council's objective. The three categories are as follows:

1. The creation, development and presentation of work for the theater including, but not limited to: playwright and director residencies, commissions, workshops of new work, presentation of workshop productions and staged readings. Preference will be given to proposals that develop new work and/or work that targets voices and visions currently under-represented in the Broadway canon. Creation and development programs must offer public access to the work during the specified grant period.
2. Audience development programs including, but not limited to, free/reduced price ticket distribution, education programs, and outreach

initiatives. The purpose of these programs must be to enrich the audience members' access to understanding of or experience of live theater. Audience development programs need not be taking place within the Subdistrict itself, nor must the programs be geared specifically for current Broadway offerings; the intent is to prepare audience members for an enhanced experience of theatergoing.

- Audience development programs may encourage participation from theatergoers of all ages who come from a variety of backgrounds and geographic locations. Preference will be given to proposals geared towards encouraging participation from groups currently under-represented in Broadway audiences.
 - Audience development can take the form of education programs offered to participants at all levels of skill and interests. Possible programs could explore theater skills and/or offer theater exposure.
 - Funding from the Theater Subdistrict Council grant program can be utilized to provide additional support for existing educational programs, expand those programs, or create new programs and improve performance facilities in which activity takes place.
 - Preference will be given to proposals that put a visit to live theater into context.
3. Programs designed to strengthen or showcase the unique historic character of the Broadway Theater Subdistrict, including, but not limited to, education initiatives, archival projects, and publications/documentaries. Preference will be given to programs that showcase the singular role of Broadway in the history of American theater and the historic character of theater buildings within the Theater Subdistrict.

In addition to meeting eligibility criteria and presenting programs that fall within the above-stated categories of activity, applications will be reviewed for programmatic criteria. These are standards that will be kept in mind by all readers of the application and will contribute to the outcome of the funding decision.

Program Criteria:

- The proposed project must include as a principal goal a demonstrable cultural activity of recognized quality accessible to the public.
- Proposals must be within the organization's artistic/cultural, administrative and fiscal capabilities. Applicants will be expected to describe how the project relates to the organization's short and long-term operations.
- The proposal should reflect the applicant's demonstrated history of providing cultural programming.
- **Applications from for-profit entities or consortia including for-profit entities must show how grant funds will be administered consistent with the TSC's**

charitable purposes.

- Indication should be made of the program's short and long-term sustainability for the applicant. If the project is not expected to operate after the lifecycle of the TSC grant program, an explanation should be provided.
- The application and support materials should reflect a level of effectiveness achieved by previous cultural programming.
- The proposed project should demonstrate a level of innovation that will diversify and/or enhance the applicant organization's current operations.
- The proposal must be clearly stated and contain measurable goals that can be evaluated during and at the end of the term of the award.
- Because all projects will be evaluated and reported on by the grant recipient in order to assess the program, proposals should reflect how programs will be monitored and how impact and effectiveness will be evaluated.
- The proposal should outline the impact the program will have on the immediate community served, as well as the potential for long-term impact on the Theater Subdistrict.
- Organizations whose primary mission is not arts and culture must show a proven track record in a relevant area indicative of the capacity to successfully implement a program in one of the above-stated categories of activity.

Consortium applications are welcome. In order to create a competitive application, participants in a partnership applying for a TSC grant should be clear in indicating the following:

- the existing relationship between the consortium members
- if a new relationship is being created, why and how it came about
- each member's history of providing cultural services or information about the cultural services background of the individuals forming a new consortium
- which organization or entity is the lead applicant
- which organization or entity will handle the finances for the proposed projects and how funds will be distributed among the members, if applicable

Applicants may submit a total of three (3) projects per application. Projects may be proposed in any or all of the three categories proscribed by this grant program.

The intent of the grant program is to fund programs that will have long-lasting impact on the Theater Subdistrict. As such, the Council favors making a small number of awards that provide significant funding in order to achieve this goal. Applicants are therefore advised that, because the funding available for the first year of the program is \$1 million, the TSC does not expect to fund more than 10 projects.

Program Administration

The Theater Subdistrict Council has voted to retain the services of a consultant who will, in consultation with DCA, draft the grant application, oversee application review and funding recommendations, and administer at least the first part of the grant program.

While the Council has authorized an expenditure of up to \$50,000 to retain the consultant, the exact expenditure will be determined by the Council after assessing the volume of applications received.

Application review

Depending upon the volume of applications, the TSC might find it helpful for the consultant to pre-screen applications for eligibility and for meeting basic programmatic or other criteria, as established by the Council. The members of the Council might find it difficult to meet the demands of reviewing a substantial volume of applications without some form of pre-screening.

If the volume of proposals is low (below 25), the consultant could assess the proposals to assure that the applicants meet the basic eligibility criteria, assemble the necessary materials, and pass all eligible applications along to the Council for deliberation.

However, if the volume of applications exceeds that amount, the Council may wish to have the applications pre-screened, not only for determining the applicant's eligibility, but also for ranking the proposals according to the degree each meets established programmatic criteria. As a means of prioritizing the material to be presented to the Council, the consultant would either individually review all applications, or convene a panel to assist with application review. Peer panels are the standard in the field, and are a process that is used by DCA in determining its grants. In this instance, the panel would provide an initial assessment for the Council, ranking the relative strengths and merits of the proposals. The Council would have access to all applications, including those that did not meet the eligibility standards, but would also have the benefit of an initial pass that would allow them to determine from among the strongest applicants which it would fund and at what level.

Alternatively, the Council may wish to do all stages of review, with organizational assistance from the consultant.

Funding

Phased funding:

The amount of funding available in this first grant cycle is up to \$1 Million. This represents a substantial infusion of funds to organizations that meet the grant criteria while allowing the program to be assessed and redesigned depending upon the outcome of the initial phase. An analysis of the success of the first phase will allow for a reconsideration of categories, funding levels, eligibility and other benchmarks of the program in subsequent phases. It will not be necessary to wait until the conclusion of the initial phase for a subsequent grant period; the basic information necessary to determine future grants could be determined by an interim assessment of the initial phase.

Funding Awards:

In the first cycle of grants, the minimum award is \$50,000 per project.

Matching funds

All applicants are encouraged to seek matching funds to supplement funding from the Theater Subdistrict Council; the application of additional funds will help to maximize the scope of the project(s) funded. Matching funds are not being required for the first year of this grant program. However, the Council will revisit the possibility of requiring matching funds after the completion of the first year.

Disbursement of Funding:

Every Grant Agreement includes a payment schedule that is based on the services provided and associated costs. Funds will be released according to that schedule. Because of the time required to prepare funding for distribution, some awardees will begin the proposed services before receiving the first payment. Organizations that have been designated to receive funds are expected to move forward on their projects according to their project timetable, which may be in advance of receipt of funding.

The proportions for payment will be an initial payment of 80% upon execution of the contract and a second or final payment of 20%. Second payments will be awarded at the completion of a final report.

Post-Award Funding

Once grant amounts have been determined, there will still be a number of activities to be carried out in order to ensure proper payment and compliance as well as provision for maintenance of a relationship between the awardees and the TSC. These activities include the creation of the awardee's contract, the processing of grant agreements and payments, follow-up site visits to ascertain the quality of programming, and providing assistance should problems arise during the grant contract (including inability to provide services as described in the application).

The process of developing grant agreements with the award recipients could be time-intensive. Having the option to retain the Consultant during the post-award phase will enable the Consultant to draft and tailor the agreements as well as monitor grant activities, read and approve interim or final reporting, and approve continued payments.