



David K. Green
Senior Vice President / Chief Financial Officer

April 13, 2015

President Sylvia Patsaouras,
Board of Recreation and Parks Commissioners
221 N. Figueroa St., Suite 1510
Los Angeles, CA 90012

Honorable Board of Recreation and
Parks Commissioners
221 N. Figueroa St., Suite 1510
Los Angeles, CA 90012

Re: Greek Theatre Concession

Dear President Patsaouras and Honorable Commissioners

We write today to follow up on the letter submitted to the Board by Glaser Weil on April 7, 2015, regarding your authority to amend and extend the existing Greek Theatre Operating Agreement. After that letter was submitted, the Department of Recreation and Parks ("RAP") publicly released its report regarding self-operation of the Greek Theatre ("Report"). The Report includes a short summary on RAP's plan to operate the Greek Theatre via an open venue model for the next two seasons rather than extend the existing Nederlander agreement, which the Report asserts (without explanation) is not in the City's best interest.

RAP's plan to self-operate, for the first time, a major concert venue like the Greek Theatre presents significant economic and other risks to the City. Those risks are accentuated here because RAP has had mere weeks to study and evaluate self-operation and hear from affected stakeholders, and because RAP will have to expedite implementation in order to be ready for the 2016 season. As such, this decision raises issues on multiple levels that will impact concert fans, Griffith Park, the Los Feliz neighborhood, and the broader community. With this much at stake, we are proposing a solution that will remove short term disruption prior to a long term decision being made, and resolve issues such as:

- Risk to RAP and protection of guaranteed funding.
- Community concerns regarding the operation of the Greek Theatre.
- The venue's current maintenance needs.
- The continuation of cultural programs that RAP may not be in a position to fund.

The prudent and safer alternative to accepting these risks, is for RAP to amend and extend the existing Nederlander agreement for one year so that the Department has time to conduct a new RFP process and a more thorough evaluation of self-operation. This will allow RAP to simultaneously obtain new financial proposals from private operators, develop detailed and fact-based pro forma

financial projections to assess whether self-operation will actually result in higher revenues to RAP, and obtain broad community input as suggested by the Los Angeles City Council. The Board needs all of this information to effectively weigh the relative merit of self-operation versus private management.

The Glaser Weil letter described the Charter and Administrative Code provisions which allow the Board to amend and extend the current agreement. By the same statutory authority, the Board may also modify the economic terms of our current agreement.

Consistent with these powers and RAP's desire to generate increased guaranteed revenues, we propose to amend the existing operating agreement for one year with an increase in the annual minimum rent guarantee to the City of \$3.5 million as versus 10% of the gross receipts of theatre operations in 2016, whichever is greater.

We urge the Board to seriously explore and consider the **guaranteed revenues** and **mitigated risk** of our proposal to extend the current agreement. When you do, we believe you will find that it represents the most sensible short-term solution while RAP evaluates the best long-term course of action for the magnificent, award-winning Greek Theatre.

We are ready to discuss the amendment with RAP staff and your Board as soon as possible. Thank you for your consideration and dedication to the City of Los Angeles.

Sincerely,



David Green
Senior Vice President/CFO

Cc: Michael Shull, General Manager, Department of Recreation and Parks
David Michaelson, City Attorney, Branch Chief, Municipal Law Branch
Anthony Paul Diaz, City Attorney
Michael Dundas, City Attorney
Tim McOsker, Glaser Weil
Phil Recht, Mayer Brown LLP
Alex Hodges, Nederlander-Greek, Inc.
Rena Wasserman, General Manager, Greek Theatre