MAC REVIEW OF 2020 ANNUAL PERFORMANCE CONTRACT BY AND BETWEEN THE CITY OF MADISON AND OVERTURE CENTER FOUNDATION, INC. BASED ON DELIVERABLES RECEIVED

Article 1, Section 2 Performance Terms

(a) **Updated strategic plan** - Due City by June 30, 2020 -- Not delivered; Overture sites impacts of COVID-19 and lack of CEO

(b) **Annual Community Report** within 90 days of the close of its fiscal year - Received. Accepted.

(c) **Segregated Accounting** -- Not delivered. Segregated accounting was agreed upon with past CEO Ted DeDee as a way to improve transparency about how taxpayer funds were being used by Overture. To date, Overture has neglected to track how the City's Room Tax subsidy is used. MAC recommends that expenditures related to City funding have its own class within accounting software so that Overture can present a dedicated profit and loss statement to the City. CFO Chris Vogel reports use of 2020 funds as follows, "On the attached Community Program Report, you can see that the funding gap for all of our Community Programs was about $230,000. Our capital purchases during the last fiscal year were approximately $858,000, of which we had received funding or sponsorship of $118,000, leaving a gap of $740,000. The funding we receive from the Room Tax Commission helps us meet those gaps in funding. Any remainder is used to help fund our general operations."

(d) **Financially Sound** - Audit received & accepted

(e) **Balance sheets and Audited Financial Statements** - Audit received & accepted

(f) **Creation of a capital reserve fund of $5,000,000 by June 30, 2020** - Not delivered, Overture reports being unable to meet this deliverable due to impacts of COVID-19 and lack of CEO

(g) **Updated Fundraising Plan** - Overture reports being unable to meet this deliverable due to impacts of COVID-19 and lack of CEO. Memo from Finance Director David Schmiedicke reports "Capital Reserve Fund: The OCF has used its best efforts to meet its obligations for a capital reserve fund, including designating $2.17million in net assets in a "Board Designated Reserve" to meet the intent of the Structural Agreement. While the OCF will continue to make efforts toward the 2020 capital reserve fund goal of $5 million, the severe economic impacts of the global pandemic are expected to delay progress until at least 2022. In addition, since January 1, 2012, OCF has expended $6,007,183, for improvements for the Overture Center.

(h) **Commitment to Arts, Educational and Community Programming** - – Received for activities through June 30, 2020. Accepted for first six months of the calendar year 2020.

MAC is requesting an update on any planning, programming from July 1 – December 31, 2020. MAC recognizes the limitation to this due to COVID-19, and realizes the reporting will reflect that.

(i) **Updated Plan for Institutional Marketing** on or before October 15, 2020 - Not delivered, Overture reports being unable to meet this deliverable due to impacts of COVID-19 and lack of CEO

Article 1, Section 3. Annual Review - Delinquent, Overture reported being unable to meet this deliverable due to impacts of COVID-19 and lack of CEO

Article 1, Section 4. Grant Payments Overture's contract for a $2,095,000 subject to Room Tax appropriation was reduced to $1,600,000 on June 30, 2020 due to reduction in anticipated Room Tax revenues due to the economic impacts of COVID-19.

Article 1, Section 5. Community Advisory Committee - Acceptable

Article 1, Section 6. Resident Company Advisory Committee - Acceptable

Article 1, Section 7. Study of Performing Arts Venues MAC believes this deliverable is not applicable and recommends changing the 2021 contract to read, "City Studies"

Future Contract Terms - Because Overture is currently without a CEO and largely shuttered due to COVID-19, MAC recommends a one-year extension on the structural agreement. MAC has formed a committee to review and to report to MAC their recommendations for a potential new Structural Agreement and corresponding Annual Contract that would begin January 1, 2022.