

Geva Financial Arrangements with the City of Rochester August, 2017

UDAG Loan

Geva has no accrued interest on the loan, and pays interest annually through “in kind” theater tickets to City schoolchildren. Well over 50,000 schoolchildren have experienced live theater in this way.

In 1984, the City made a UDAG loan of \$600,000 to Conifer Stage Associates for the benefit of Geva’s renovation of the 1868 State Arsenal at the corner of Clinton and Woodbury. UDAG received the money from the federal government’s HUD agency. The parties restructured the loan on February 11, 1991. Pursuant to a Amendatory Note and Loan Agreement, Geva assumed Conifer’s position and agreed to make annual interest payments in the amount of \$43,777, or, at Geva’s option, pay such amount “in kind” in the form of donated services (free tickets for City schoolchildren, etc.). The entire principal balance was due and payable in a single lump-sum payment on June 30, 2015 (Maturity Date) and the amended note specifically states that “there shall be no other payments of principal during the term of the Note”.

In January Of 2014, an Amendatory Note and Amended Loan Agreement was signed by the City and Geva with some adjusted terms, and with the principal balance now due by December 31, 2028. The principal balance was then agreed as \$729,622. Interest was set at 3% per annum, and most importantly, the price of the in-kind donation of theater tickets to City school children was finally adjusted for the first time since 1992. Using a CPI Adjusted Ticket Valuation since 1992, Geva had provided over \$250,000 in Excess Ticket Value to the City.

Subsequently, in May of 2015 the City agreed to a restated Amendatory Note and Amended Loan Agreement to enable Geva to utilize Historic Tax Credits in its renovation of the historic building. The only restated term was related to Geva being able to set up a third party and lease the building to it, but that Geva would still own and manage the theater.

When Geva first renovated the arsenal in 1983-84 and moved into the facility in March of 1985, there was no corporate growth around Washington Square: the furthestmost Southwestern edge of downtown. Since Geva’s arrival, the area has seen Frontier, Bausch & Lomb, and Excellus build major corporate office buildings. City property tax revenue has grown exponentially in this area, as well.

ACTOR APARTMENTS – Property Taxes and Assessments

In 2014, Geva signed a ten-year lease with the developer of the former Merkel Donahue building cluster for ten actor studio apartments at 10 Capron Street. Geva moved into these studios in February of 2015.

The developer offered to sell 10 Capron Street, and the adjoining 14 Capron Street that housed four apartments, in 2015. Over twenty years, Geva would save money by buying instead of renting. Geva took ownership of both buildings in early 2016 when there were three pre-existing tenants in 14 Capron Street. Their lease would run out in June, 2016. Because the three tenants would now paid rent to Geva for up to six months, instead of the developer, Geva paid over \$10,000 in property taxes to the City.

Once Geva took full possession in June, 2016, it qualified for property tax exemption due to its relationship to Geva's exempt purpose. This qualification of actor housing as part of a theater's exempt purpose was upheld by the New York Supreme Court in a 2014 case involving Merry-Go-Round Playhouse in Auburn.

This property tax exemption was not a donation from the City, but it was a matter of right under New York State law. This tax-exemption will be the same for an \$85 million theater on Parcel 5. 14 Capron Street is currently assessed at \$360,000 and 10 Capron Street is assessed at \$900,000.

Without Geva's original ten-year lease of 10 Capron Street, the developer would not have been able to secure financing for the Merkel Donahue cluster, and the City would not be realizing the incremental tax revenue increase from the rest of the development.