

**APPROVAL OF AUTHORIZATION FOR OPERATOR AGREEMENT
FOR MEADOW BROOK MUSIC FESTIVAL**
A Recommendation

1. **Division and Department:** Finance and Administration Division
2. **Introduction:** Meadow Brook Music Festival (MBMF), Oakland University's (University) outdoor summer amphitheater, has been managed by Palace Sports & Entertainment (PS&E) since 1996. During that time, PS&E has overseen all aspects of the facility, including entertainment bookings, rentals, advertising, staffing, concessions, parking, and grounds. The agreement with PS&E has a September 30, 2014 expiration date.

A Request for Proposals was distributed to seven potential operators to consider future management options. PS&E was the only respondent.

PS&E's proposal states: "PS&E is a national leader in the sports and entertainment industry with a proven track record of attracting top artists, managing and maintaining venues to the highest standard and providing our guests with unparalleled service. PS&E also has strong ties to the Oakland County and metro Detroit communities, including a long-standing relationship with the Detroit Symphony Orchestra (DSO). PS&E greatly values our formal partnership with Oakland University and looks forward to continuing our relationship with an extension of the Meadow Brook lease. If granted the privilege of overseeing Meadow Brook operations, PS&E will passionately and strategically execute our vision to maintain Meadow Brook as a best-in-class amphitheater. PS&E is an unparalleled partner due to our prior experience operating Meadow Brook Music Festival and executing events with Oakland University. Moreover, PS&E possesses superior entertainment industry relationships, including a third-party booking agreement with Live Nation, the world's leading promoter of amphitheater talent."

Financial highlights of PS&E's proposal include:

- \$500,000 upfront payment
- \$1,500,000 minimum investment in MBMF facility improvements
- \$165,000 annual license fee
- \$35,000 annual subsidy to DSO programming at MBMF
- Ten-year initial lease term

In addition, the PS&E proposal includes a commitment to establish formal internships and student development programming to provide students with opportunities to learn about the sports and entertainment industry.

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Board approval is required to accept PS&E's proposal for management of the MBMF.

3. **Previous Board Action:** On December 12, 1996, the Board of Trustees (Board) approved a ten-year lease agreement between the University and PS&E for the management of MBMF, with an option to extend the lease term for an additional five years through September 30, 2011. On September 28, 2010, the Board approved an amendment to the lease which extended the agreement through September, 30 2014.
4. **Budget Implications:** Terms of the proposal include a one-time \$500,000 upfront payment, \$1,500,000 in capital improvements, annual license payments of \$165,000, and \$35,000 annually to subsidize DSO programming. The previous agreement included annual license payments of \$135,000.
5. **Educational Implications:** Formal internships and student development programming will provide students with opportunities to learn about the sports and entertainment industry.
6. **Personnel Implications:** None.
7. **University Reviews/Approvals:** This agenda was formulated by the Budget Manager for Finance and Administration and reviewed by the Vice President for Finance and Administration, and President.
8. **Recommendation:**
RESOLVED, that the Vice President for Finance and Administration be authorized to negotiate and execute a ten-year Operator Agreement, with the potential for appropriate extensions, for Meadow Brook Music Festival with Palace Sports & Entertainment; and, be it further

RESOLVED, that the agreement be reviewed and approved by the Office of the Vice President for Legal Affairs and General Counsel prior to execution, and be in compliance with the law and with University policies and regulations, and conform to the legal standards and policies of the Vice President for Legal Affairs and General Counsel.

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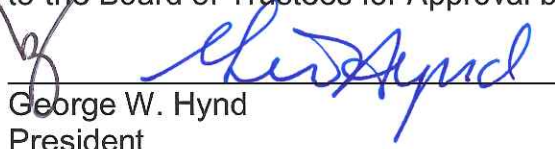
9. Attachments: None.

Submitted to the President
on 10/3, 2014 by



John W. Beaghan
Vice President for Finance and Administration
and Treasurer to the Board of Trustees

Recommended on 10/03, 2014
to the Board of Trustees for Approval by



George W. Hynd
President