

MET/AGMA MEMORANDUM OF AGREEMENT

MEMORANDUM OF AGREEMENT made and entered into this 18th day of August, 2014, between THE METROPOLITAN OPERA (the “Met”), having its principal office at the Metropolitan Opera House, Lincoln Center, New York, New York, and AMERICAN GUILD OF MUSICAL ARTISTS (“AGMA”), having its principal office at 1430 Broadway, New York, New York.

A. TERM

1. The Agreement between The Metropolitan Opera and the American Guild of Musical Artists effective between August 1, 2011 and July 31, 2014, is extended for the period beginning August 18, 2014 (the “Effective Date”) through and including July 31, 2018 except as modified in this Memorandum of Agreement.
2. Dates in any provisions of the 2011-14 Collective Bargaining Agreement which have not been changed in this Memorandum of Agreement shall be changed so that all provisions in the 2014-2018 Collective Bargaining Agreement are effective from August 18, 2014 through July 31, 2018, so long as such changes have no economic impact.

B. WAGES

1. The equivalent of all wages (including but not limited to media salary (but not revenue sharing) and costume penalty) will be reduced 3.5% on the Effective Date, and an additional 3.5% six (6) months from the effective date, subject to the provisions of section C, *infra*, and with the contractual source of the reduction to be determined by AGMA within 48 hours of the signing of this Agreement subject to the Met’s agreement as to its feasibility, which will not unreasonably be denied. This Agreement will preserve the historic differential between the Orchestra and Chorus weekly base. All wages will be increased 3% (calculated in the same way as the reduction) effective February 1, 2018.
2. Performance Bonus. The Met shall pay \$250,000 to the AGMA bargaining unit

members, with AGMA determining the allocation of such bonus payments. The payments shall be made in two installments: \$125,000 as soon as practicable after the first set of wage reductions take effect, \$125,000 six months after today.

C. PENSION, HEALTH, WORK RULES

There will be no changes to the Pension, Health, and Work Rule provisions of the collective bargaining agreement subject to any mutually agreed-upon changes pursuant to the procedures provided herein. The parties agree to expeditiously establish joint task forces to review and analyze potential changes to these provisions and will determine within 6 months of the Effective Date of this Agreement whether they can reach agreement on potential changes, including but not limited to changes which, subject to the agreement of the parties, could be substituted for all or part of the reduction pursuant to Paragraph B would otherwise go into effect six months from the Effective Date. In the absence of mutual agreement to any changes there will be no changes to the Pension, Health, and Work Rule provisions of the collective bargaining agreement.

D. CONTINUING ROLE FOR THE INDEPENDENT FINANCIAL ANALYST

1. The parties agree to retain Eugene Keilin for the duration of this agreement to provide continuing independent analysis of the Met's financial condition.
2. The Met agrees that it will make available the Chairman and President of the Board of Directors, the members of the Finance Committee of the Board of Directors, the General Manager, CFO, and any other employee of the Met to meet with Mr. Keilin at his reasonable request.
3. The Met will fully cooperate in providing any and all information about the finances and operations of the Met requested by Mr. Keilin, which should be the same as or consistent with any information provided to the Board of Directors, pursuant to a continuation of the current confidentiality agreement, except that Mr. Keilin, while maintaining the confidentiality of information provided to him,

will be authorized to report on his analysis with the leadership of AGMA and Local 802. Mr. Keilin will agree to make himself available to meet with the leadership of AGMA and Local 802 at reasonable times.

4. Mr. Keilin will be paid \$50,000 annually, of which \$25,000 will be paid by the Met, \$12,500 will be paid by AGMA, and \$12,500 will be paid by Local 802, such payments to be made monthly following the effective date of this Agreement. The provisions of this Subsection C. are subject to adjustment if a collective bargaining agreement with a union other than AGMA and Local 802 provides for the retention of Mr. Keilin.
5. If Mr. Keilin for any reason is unable to carry out his responsibilities his successor will be Ron Bloom of Lazard Freres, who shall perform his services on the same basis (including the same confidentiality restrictions) as set forth above. Should Mr. Bloom be unavailable, the Met, AGMA and Local 802 shall agree on another individual or firm.

E. EQUALITY OF SACRIFICE

1. The agreement of AGMA and Local 802 to this Agreement is expressly conditioned upon the Met's binding commitment to equality of sacrifice through compliance with and implementation of this provision.
2. Employee Cost Reductions.
 - a. The burden of sacrifice will be shared equally by all employees not represented by a union as a group ("administrative employees") and each of the other unionized groups except as provided in the next sentence. The Met must cut labor costs across each of the above-referenced groups other than the SEIU Local 32BJ and IBT Local 210 bargaining units (Local 32BJ having already reached a new agreement with the Met and Local 210 having reached an extension agreement), employed by the Met

by the same percentage reduction (an “Equal Percentage Reduction”) and in each year of this Agreement as are being applied to AGMA and Local 802 bargaining units as provided in this Agreement.

- b. If another union or the employees not represented by a union achieves or are provided with a more favorable agreement or treatment with respect to labor cost reductions than those provided under this Agreement, this Agreement shall be modified to be no less favorable than the most favorable agreement or treatment.

It is understood and agreed that the Met may achieve labor cost reductions with respect to other bargaining units through all aspects of compensation (e.g., wage rates, pension, health care, work rules). It is further understood and agreed that the Met may achieve labor cost reductions with respect to administrative employees through the same aspects of compensation as well as through headcount reductions.

- c. Information.

- i. The Met agrees to notify AGMA, Local 802, and the Independent Financial Analyst in writing at least thirty (30) days in advance of any increase in wage rates or salary that is not the result of a bona fide promotion or other bona fide material change in job responsibilities.

- ii. The Met will provide the Independent Financial Analyst with all the information requested by him or by AGMA or Local 802 that is necessary to monitor compliance with this provision. If the Independent Financial Analyst determines that the Met has not complied with the terms of this “Equality of Sacrifice” provision, he shall notify AGMA and Local 802 in writing. AGMA or Local 802 may begin the grievance process referred to in paragraph 4 “Enforcement” of this provision.

3. Commitment to Achieve Operating Efficiencies.
 - a. The employees' burden of sacrifice will be shared by an equivalent reduction in the expenses of the Met in addition to those implemented pursuant to Paragraph E.2.a, above ("Other Met Expenses"), provided that such decrease in Other Met Expenses must not violate the provisions and requirements of the AGMA and Local 802 collective bargaining agreements. Specifically, the Met will reduce Other Met Expenses by \$11,250,000 in each year of this Agreement, as compared to its expenses budgeted for Fiscal Year 2015, as modified by the labor cost reductions reflected in paragraph E.2.a, above (i.e., maintaining that reduced level of spending in each year of this Agreement), totaling \$45,000,000 in savings over the four years of this Agreement.
 - b. The Met will provide the Independent Financial Analyst with all the information requested by him or by AGMA or Local 802 that is necessary to monitor compliance with this provision.
 - c. The parties will establish a Task Force on Efficiencies that will meet at least quarterly, and more often as the parties may agree, to discuss potential efficiencies and cost savings that can be achieved and implemented consistent with the provisions and requirements of the AGMA and Local 802 collective bargaining agreements. Other unions representing employees at the Met may, upon agreement with the Met, participate in the Task Force on Efficiencies.

4. Enforcement.

Any disagreements between AGMA or Local 802 and the Met over the Met's compliance with these Equality of Sacrifice requirements shall be subject to the grievance procedure of the respective collective bargaining agreements, with the final stage of such grievance process for disputes concerning Equality of Sacrifice

being expedited arbitration in accordance with the Expedited Labor Rules of the American Arbitration Association.

F. INVESTMENT RETURN BONUS

1. If the annual investment return on the Met's endowment funds exceeds 8% (the rate currently projected for a return on the Met's pension fund) for the overall period FY 15, FY 16, and FY 17 (the "First Bonus Period") by at least 1%, then an amount equivalent to 50% of that increased return over 8% will be distributed to bargaining unit employees who are participating in equivalent compensation reductions during the term of this Agreement (the "First Potential Bonus").
2. If the annual investment return on the Met's endowment funds exceeds 8% (the rate currently projected for a return on the Met's pension fund) for the overall period FY 16, FY 17, and FY 18 (the "Second Bonus Period") by at least 1%, then an amount equivalent to 50% of the that increased return over 8% will be distributed to bargaining unit employees who are participating in equivalent compensation reductions for the term on this agreement (the "Second Potential Bonus").
3. The payments provided in Paragraphs 1 and 2 above will be subject to the following conditions:
 - a. The payments will be made as soon as practicable after financial results have been determined for FY 17 and FY 18, respectively, all subject to verification by the Independent Financial Analyst.
 - b. If the combined earned revenues of Box Office, Media, and Other for the relevant three year period is less than 100% of the combined projections for those categories for those three years in the current Five Year Plan (subject to verification by the Independent Financial Analyst), the payment will not be made.

- c. The cap for the First Potential Bonus and the Second Potential Bonus will be \$1.0 million each. If the investment return on the Met's endowment funds exceeds 11% for the first bonus period or the second bonus period, then the cap for payment for the First Potential Bonus and the Second Potential Bonus shall be increased to \$2.0 million.
4. Allocation and Distribution
- a. Each union will provide the Met with an allocation schedule.
 - b. AGMA and Local 802 will have the right to review any information, calculation or other matter concerning the Investment Return Bonus, including whether the conditions for payment of such bonus have been met. In the event of a dispute between the parties, the parties will jointly meet with Eugene Keilin or his successor in an attempt to reach a resolution. In the event the parties cannot reach a resolution, any party may submit such dispute to final and binding arbitration under the grievance procedure of their respective collective bargaining agreement.

This MEMORANDUM OF AGREEMENT is subject to ratification.

THE METROPOLITAN OPERA

By: _____

Date: _____

AMERICAN GUILD OF MUSICAL ARTISTS

By: _____

Deborah Alton-Maher
Associate Executive Director

By: _____

David Frye
Committee Chair

Date: _____