

The following is a copy of **Clause G1, Administrative Report No. 5-2013** which was **ADOPTED** by City Council at its meeting held on **March 18, 2013**:

Section G – CITY MANAGER

G1) Remail Art Gallery of Saskatchewan Amendment to Letter of Understanding (Files CK.4129-15 and CS. 4130-3)

RECOMMENDATION: that the Letter of Agreement between the Frank and Ellen Remail Foundation; the Art Gallery of Saskatchewan; and the City of Saskatoon dated June 1, 2011, be amended according to the terms outlined in Attachment 1.

TOPIC AND PURPOSE

This report is requesting approval to amend the Letter of Agreement between the Frank and Ellen Remail Foundation; the Art Gallery of Saskatchewan, and the City of Saskatoon.

REPORT HIGHLIGHTS

1. Amendment to the Remail Foundation Operating Funding Agreement.

STRATEGIC GOAL

This project supports the City of Saskatoon's Quality of Life Strategic Goal, relating to the implementation of the Municipal Culture Plan. It supports the four-year priority to enhance the quality of life in Saskatoon by directing expenditures toward amenities in neighbourhoods to enhance and protect property values and encourage private investment.

BACKGROUND

At its meeting held on June 13, 2011, City Council, when addressing Clause G2, Administrative Report No. 11-2011, adopted a recommendation to approve the terms of the agreement set out in a letter dated June 1, 2011, between the Frank and Ellen Remail Foundation; the Art Gallery of Saskatchewan Inc.; and the City of Saskatoon.

The second point of the agreement letter states that:

- “2) The Foundation will grant the additional sum of \$15 million to the AGS to be paid at a rate of \$500,000 per year for a term of 30 years commencing in the first year of operations for the art gallery. The proceeds of this grant are to be used by the AGS for enhanced programming and are not to replace funding already in place for operating costs or established programs...”

REPORT

The Remail Art Gallery of Saskatchewan received another very generous gift of 405 Picasso art works from the Frank and Ellen Remail Foundation in autumn 2012. This gift, valued at \$20 million, doubles the value of the gallery's permanent collection. Due to the significance of the Picasso collection, it requires a demarcated exhibit area within the Remail Art Gallery of Saskatchewan. The preferred space identified by the Gallery Administration and Mrs. Ellen Remail is one of the 3rd floor shell spaces that was not fit-out in the project's original scope of work. The Remail Foundation and the gallery have agreed to reallocate the funds earmarked for enhanced programming for the first year, to fit-up the shell space for exhibiting the Picasso Collection. This amount of \$500,000 will fully cover the additional construction costs that would incur with the shell fit-out.

The amendment identifies the required funds for the Picasso Room's construction fit-out to be sourced from the Remail Foundation. The Administration recommends approval of the attached amendment.

The Administration is recommending that the Letter of Agreement from June 1, 2011, which states:

2. The Foundation will grant the additional sum of \$15 million to the AGS to be paid at the rate of \$500,000 per year for a term of 30 years commencing in the first year of operations of the art gallery. The proceeds of this grant are to be used by the AGS for enhanced programming and are not to replace funding already in place for operating costs or established programs. This money is intended to be used exclusively to acquire and support exhibitions and programs beyond normal funding sources. The Foundation and the AGS will agree to further terms of reference for the use of the enhanced programming funds.

To be amended as follows:

2. The Foundation will grant the additional sum of \$15 million to the AGS to be paid at the rate of \$500,000 per year for a term of 30 years commencing in the first year of operations of the art gallery. The proceeds of this grant are to be used by the AGS for enhanced programming and are not to replace funding already in place for operating costs or established programs. This money is intended to be used exclusively to acquire and support exhibitions and programs beyond normal funding sources. The foundation agrees that the City of Saskatoon will allocate the first year's payment (\$500,000) of the 30-year term to complete the finishing of the Picasso Salon: International Modern Art in the Remai Art Gallery of Saskatchewan. The Foundation and the AGS will agree to further terms of reference for the use of the enhanced programming funds. This amending agreement is subject to the approval of City Council of the City of Saskatoon.

OPTIONS TO THE RECOMMENDATION

One option is to leave the first year funding in place for programming, instead of being reallocated to the capital in order to fit-out the shell space. No other funds are available for fit-out of the Picasso Salon at this time, which would result in the space not being added into the construction contract for the Remai Art Gallery. Deferring this work for construction at a later date may result in higher fit-out costs in the future.

This option would go against the wishes of the Remai Foundation and the Gallery as there would not be a proper location to house the Picasso Collection.

POLICY IMPLICATIONS

There are no policy implications.

FINANCIAL IMPLICATIONS

Without the \$500,000 to fit-out the Picasso Salon, the Remai Art Gallery (Capital Project 1786) would not have the funds available to add this work to the scope of the project.

PUBLIC AND/OR STAKEHOLDER INVOLVEMENT

Funding for this additional work was discussed with the Remail Foundation and Mrs. Remail, and the Foundation has generously agreed that the first year of the enhanced funding may be used for fitting out the space for the Picasso art works donated by the Foundation. The Remail Foundation and the gallery have agreed to reallocate the programming funding for the first year to fit-up the shell space for exhibiting the Picasso Collection.

COMMUNICATION PLAN

A communication plan is not required.

DUE DATE FOR FOLLOW-UP AND/OR PROJECT COMPLETION

The Remail Foundation has committed the enhanced programming funding to start in the first year of operations of the Remail Art Gallery of Saskatchewan.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications identified at this time.

PRIVACY IMPACT

There are no privacy implications.

SAFETY/CRIME PREVENTION THROUGH ENVIRONMENTAL DESIGN (CPTED)

A CPTED review is not required.

PUBLIC NOTICE

Public Notice pursuant to Section 3 of Policy No. C01-021, Public Notice Policy, is not required.

ATTACHMENT

1. Amendment to Letter of Agreement between the Frank and Ellen Remail Foundation; the Art Gallery of Saskatchewan; and the City of Saskatoon dated June 1, 2011

**Amendment to Letter of Agreement between the City of Saskatoon dated June 1, 2011,
and
The Frank and Ellen Rемаi Foundation (the “Foundation”) and
The Mendel Art Gallery & Art Gallery of Saskatchewan (the “AGS”) Board of Trustees**

This agreement is to amend the following paragraph of the letter (Page 1, number 2.)

2. The Foundation will grant the additional sum of \$15 million to the AGS to be paid at the rate of \$500,000 per year for a term of 30 years commencing in the first year of operations of the art gallery. The proceeds of this grant are to be used by the AGS for enhanced programming and are not to replace funding already in place for operating costs or established programs. This money is intended to be used exclusively to acquire and support exhibitions and programs beyond normal funding sources. The Foundation and the AGS will agree to further terms of reference for the use of the enhanced programming funds.

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Mr. Murray Totland P.Eng., MBA
City Manager

Date

Ms. Ellen Rемаi
Frank and Ellen Rемаi Foundation

Date

Mr. Jason Aebig, President & Chair
Mendel Art Gallery & Art Gallery of
Saskatchewan Board of Trustees

Date