

Draft

LFVDA Hoxton Building sub-committee

Minutes of meeting Wednesday, June 22, 1994

Present: Larry Chrisfield  
David Powell  
Tony Kirkhope

In Attendance: Steve McIntyre

The meeting reviewed the current state of play re. the London Video Access/London Film Makers Co-op relocation to Hoxton Square. It considered the financial projections of the two groups and the Chief Executive's appraisal of these projections contained in his notes for the meeting. It considered the draft legal documentation for the project (agreement to lease and two leases). Lastly it considered and determined an appropriate action plan for the Agency.

1. Finance.

1.1 The sub-committee considered that the draft financial projections from London Video Access were robust and appeared realistic but that those for the London Film Makers Co-op needed further refinement. While the Co-op's projections were possible, they were ambitious and needed to be more carefully supported. In particular, it was felt that the Co-op would benefit from further work in the following areas:

1.1.1 Possibly reducing Year 1 income and expenditure targets to bring them slightly closer to current operation. This would then provide a platform from which to build. It would also reduce the risk, in year one, of massive underperforming (at box office, in distribution, etc.).

1.1.2 Even with this reduction in Year 1 targets, a contingency sum should be set aside which could be drawn on at, say, the six month point if budgets were going awry. The Chief Executive to discuss this with BFI.

1.1.3 Co-op should undertake more detailed sensitivity analysis in order to draw up contingency plans to reduce costs appropriately if particular areas of its operation fail to hit targets. Steve McIntyre indicated that he had talked to The East End Partnership (business leaders in the East End of London) who might be able to offer financial advice.

1.1.4 The Co-op should be in a position to provide a detailed profit and loss account for the first six months after opening. This is to be closely monitored by the LFVDA.

1.2 Both LVA and the Co-op will need to produce detailed cash flow for the opening period. This would need to project back at least six months prior to opening and will need to pay attention to

- a necessary dark period
- the real launch/promotional costs
- contingency re. building schedule overruns.

- 1.3 Don't open in Summer.
- 1.4 The sub-committee indicated that a letter from the BFI giving a view on the plausibility of the figures produced by the Co-op and LVA would be welcome.
- 1.5 The sub-committee emphasised the need for both groups to have appropriate management/operational structures in place.

## 2. Legal Issues.

- 2.1 Detailed comments from the sub-committee on the leases are attached to these minutes as appendix one.
- 2.2 Overall, the sub-committee felt that the lease was weighted in the landlord's favour and needed a more rigorous examination by a solicitor working on behalf of the LFVDA.
- 2.3 The sub-committee re-emphasised the point that it had requested indemnification from the BFI directly, as well as indirectly via the BFI's guarantee to Glasshouse. In effect this would not increase the BFI's exposure but would guarantee to the LFVDA the resources sufficient for it to observe and perform its obligations in the two leases. It was felt that a request for such a guarantee represented no more than the Directors of the LFVDA discharging their legal and fiduciary responsibilities.
- 2.4 It was generally agreed that issues of assignment and privity of contract were primarily of concern to the BFI and that the LFVDA, provided it was indemnified by the Institute, would be content with whatever was negotiated between BFI and Glasshouse.
- 2.5 The sub-committee recommended that an architect (Burrell Foley Fischer being fully acceptable) be contracted by LFVDA/LVA/Co-op/BFI on a more substantial basis than adviser. They should be 'our' architects on the project although they would work closely with McLennor Lavington to secure any economies arising from including elements of the Tenants' Works in the main programme.
- 2.6 As the tenant is the LFVDA, Burrell Foley Fischer should be accountable in the first instance to us. The LFVDA should ensure that, once designs have been 'signed off' by LVA and the Co-op, a streamlined decision making process is in place to ensure that design and building issues arising in the main programme can be dealt with as expeditiously as possible.
- 2.7 Because of the nature of the project, BFF would effectively act as our 'Clerk of Works', ensuring adherence to budgets, schedules, etc.
- 2.8 Detail of Tenants Works need to be determined as soon as possible.
- 2.9 Sub-leases need to be drawn up.

### **3.0 Conclusions**

- 3.1** The sub-committee decided that the (minimum) eighteen month design and build programme should be used to refine and reinforce the business plan of the two groups but that a reasonable preliminary basis to proceed existed.
- 3.2** The sub-committee recommended that the legal/contractual issues signalled above, particularly that of indemnification, be addressed and brought back to the sub-committee before final documents brought to a full Board meeting for final decision.