

**MEMORANDUM OF AGREEMENT  
BETWEEN  
THE METROPOLITAN OPERA  
AND  
MAKE-UP ARTISTS AND HAIR STYLISTS LOCAL 798, IATSE**

**MEMORANDUM OF AGREEMENT** made and entered into this 12th day of September, 2014, between THE METROPOLITAN OPERA (the "Met"), having its principal office at the Metropolitan Opera House, Lincoln Center, New York, New York, and MAKE-UP ARTISTS AND HAIR STYLISTS LOCAL 798, IATSE ("Local 798"), having its principal office at 152 West 24<sup>th</sup> Street, New York, New York.

A. TERM

1. The Collective Bargaining Agreement between the Metropolitan Opera and Local 798, effective August 1, 2011 through July 31, 2014, is extended for the period beginning August 1, 2014 through and including July 31, 2018, except as modified in this Memorandum of Agreement ("Agreement").
2. Dates in any provisions of the 2011-14 Collective Bargaining Agreement which have not been changed in this Agreement shall be changed so that all provisions in the 2014-2018 Collective Bargaining Agreement are effective from August 1, 2014 through July 31, 2018, unless a different date is set forth in this Agreement so long as such changes have no economic impact different from the 2011-14 Collective Bargaining Agreement.

B. WAGES AND BENEFITS

1. Wages

- a. Effective August 31, 2014, the equivalent of all wages (including but not limited to media salary, but not including revenue sharing) paid to each Local 798 Staff Employee will be reduced by 3% and the equivalent of all wages (including but not limited to media salary, but not including revenue sharing) paid to Local 798 Per Diem Employees will be reduced by 4.75%. These wage reductions shall only apply to Met Productions and shall not apply to outside productions in which the Met does not have a financial interest. Depending on the date of ratification, the annuity fund contributions set forth in this Agreement will be adjusted so as to achieve cost savings based on an effective date of August 31, 2014.
- b. Effective February 1, 2018, the following shall occur:
  - i. The wages of all Local 798 Staff Employees shall be increased by 2%.
  - ii. The Hair Stylists/Wig Maker Level One Rates shall be further increased to the following levels: Weekly—\$1,321.17; Hourly—\$37.75; Time-And-One-Half Hour—\$56.63; Double-Time Hour— \$75.50 (these rates are inclusive of the 2% increase described in Section B.1.b.i above).
  - iii. The wages of all Local 798 Per Diem Employees shall be increased by 2%.

2. Health Benefit

- a. Effective January 1, 2015, Local 798 Staff Employees (listed in Appendix A hereto) will no longer be eligible for Metropolitan Opera medical, vision, dental, life insurance or flexible spending benefits ("Met Welfare Benefits").
- b. On or before October 10, 2014, the Met shall make a payment to the IATSE National Health & Welfare Fund, Plan C, on behalf of each Local 798 Staff Employee listed in Appendix A and employed on September 30, 2014 (for the work period August - September 2014) equal to \$150 (covering a one-time administrative fee) plus the Plan C-2 quarterly CAPP rate (at the single or family rate based on the coverage the employee has elected with the Met Medical Plan as of September 30, 2014) to qualify the employee for Plan C coverage for the first quarter of calendar year 2015. Should such payment exceed the sum of \$27,834, the Met and Local 798 agree to meet promptly and agree upon revisions to this Agreement that ensure the smooth transition of Local 798 Staff Employees to the IATSE National Health & Welfare Fund, Plan C. In no event will such changes result in an increased cost to the Met beyond the terms in this Agreement.
- c. On or before January 10, 2015, the Met shall make a payment to the IATSE National Health & Welfare Fund, Plan C, on behalf of each Local 798 Staff Employee listed in Appendix A and employed on December 31, 2014 (for the work period October - December 2014) equal to the Plan C-2 quarterly CAPP rate (at the single or family rate based on the coverage the employee has elected with

the Met Medical Plan as of December 31, 2014) to qualify the employee for Plan C coverage for the second quarter of calendar year 2015. Should such payment exceed the sum of \$26,184, the Met and Local 798 agree to meet promptly and agree upon revisions to this Agreement that ensure the smooth transition of Local 798 Staff Employees to the IATSE National Health & Welfare Fund, Plan C.

- d. Effective January 1, 2015, the Met shall contribute monthly to the IATSE National Health & Welfare Fund, Plan C, an amount equal to 12.50% of Local 798 Staff Employees' gross earnings.
- e. Should a Local 798 Staff Employee not listed in Appendix A be hired before January 1, 2015, the Met shall contribute monthly to the IATSE National Health & Welfare Fund, Plan C, an amount equal to 12.50% of such employee's gross earnings from his/her date of hire.
- f. A Performance Bonus of \$17,970 shall be applied to reduce the cost of bridging the Local 798 Staff Employees to the IATSE National Health & Welfare Fund, Plan C.
- g. Effective August 1, 2015, the Met shall contribute monthly to the IATSE National Health & Welfare Fund, Plan C, an amount equal to 14% of Local 798 Staff Employees' gross earnings.

3. Staff Annuity Benefit

- a. Effective August 1, 2015, the Met shall contribute monthly to the IATSE Annuity Fund an amount equal to 3.0% of Local 798 Staff Employees' gross earnings.

- b. Effective August 1, 2016, the Met shall contribute monthly to the IATSE Annuity Fund an amount equal to 3.25% of Local 798 Staff Employees' gross earnings.
- c. Effective August 1, 2017, the Met shall contribute monthly to the IATSE Annuity Fund an amount equal to 3.5% of Local 798 Staff Employees' gross earnings.

C. CONTINUING ROLE FOR THE INDEPENDENT FINANCIAL ANALYST

- 1. Eugene Keilin shall be retained 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. Should Local 798 choose to participate in compensating Mr. Keilin, while maintaining the confidentiality of information provided to him, he shall be authorized to report on his analysis to the designated representatives of Local 798 and shall meet with those designated representatives 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. These payments will be adjusted should Local 798 or any other IATSE locals choose to participate in compensating Mr. Keilin.

5. If for any reason Mr. Keilin 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, Local 802, and any participating IATSE locals shall mutually agree on another individual or firm.
6. The Met shall provide all reports of Mr. Keilin to Schultheis & Panettieri, LLP ("S&P") for its review, inquiry and analysis. The Met and Mr. Keilin shall also provide S&P with information necessary to interpret and understand the Keilin reports. S&P will perform its procedures and analysis subject to the same confidentiality agreement as Mr. Keilin's plus a necessary auditor peer review proviso.

D. EQUALITY OF SACRIFICE

1. The terms of this Agreement are expressly conditioned upon the Met's binding commitment to equality of sacrifice through compliance with and implementation of this Section D.
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 overall percentage reduction (an "Equal Percentage Reduction") in Fiscal Years 2015 through 2018 as are being applied to Local 798 in this Agreement.

- b. If administrative employees or other unionized employees (except those excepted in Section 2.a above) achieve or are provided with more favorable labor cost reductions than those set forth in this Agreement, this Agreement shall be modified to be no less favorable than the most favorable terms. It is understood and agreed that during Fiscal Years 2015 through 2018, 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 all aspects of compensation as well as through headcount reductions.

- c. Information

- i. The Met agrees to notify Local 798 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 Local 798 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 Local 798 in writing. Upon receipt of such notice, Local 798 may initiate the dispute resolution process described in Section D.4 below.

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 ("Other Met Expenses") in addition to those implemented pursuant to Section D.2.a above, provided that such decrease in Other Met Expenses must not violate the provisions and requirements of the collective bargaining agreements of AGMA, Local 802, and the IATSE locals. Specifically, the Met will reduce Other Met Expenses by \$11,250,000 in Fiscal Years 2015 through 2018, as compared to its expenses budgeted for Fiscal Year 2015, as modified by the labor cost reductions reflected in Section D.2.a above (i.e., maintaining that reduced level of spending in each year of this Agreement), totaling \$45,000,000 in savings during Fiscal Years 2015 through 2018.
- b. The Met will provide the Independent Financial Analyst with all information requested by him (or by AGMA, Local 802, or the IATSE locals) that is necessary to monitor compliance with this provision.
- c. The Met, AGMA, Local 802, and the IATSE locals will establish a Task Force on Efficiencies to meet at least quarterly, or more often as those parties may agree, to discuss potential efficiencies and cost savings that can be achieved and implemented consistent with

the provisions and requirements of the collective bargaining agreements of those unions. 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 Local 798 and the Met over the Met's compliance with these Equality of Sacrifice requirements shall be subject to the dispute resolution procedure set forth in Local 798's collective bargaining agreement. At Local 798's option, the final stage of such resolution process shall be expedited arbitration in accordance with the Expedited Labor Rules of the American Arbitration Association.

E. 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 FY15, FY16, and FY17 (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% for the overall period FY16, FY17, and FY18 (the "Second 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 "Second Potential Bonus").
3. The payments provided in Sections E.1 and E.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 FY17 and FY18, 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 representing employees entitled to a bonus under this Section will provide the Met with an allocation schedule.
- b. S& P and each union representing employees participating in equivalent compensation reductions shall 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 regarding payment of the Investment Return Bonus, the Met and Local 798 will together meet with Eugene Keilin or his successor in an attempt to reach a resolution. In the event they cannot reach a

resolution, Local 798 may submit such dispute to the dispute resolution procedure set forth in its collective bargaining agreement.

This MEMORANDUM OF AGREEMENT is subject to ratification by the membership of Local 798.

**THE METROPOLITAN OPERA**

By:  Date: SEPT 12, 2014  
Peter Gelb, General Manager

**MAKE-UP ARTISTS AND HAIR STYLISTS LOCAL 798, IATSE**

By:  Date: sep 12, 2014  
Daniel D. Dashman, Business Manager