

Questions for the Senator Theatre, LLC

Operations/Business Model

1. How will this proposal reclaim 1st run film audiences sufficient enough to make the theatre viable?

ANSWER: Using industry figures that represent the Senator's ticket sales in 2008 we can project viability because our debt obligation will be 20% less than that of the former owner's. Contemplating the 2008 figures along with our expected mortgage payment on the project, the theater can remain operable. However, with the theater carefully restored and with additional income from the two anticipated restaurants, as well income generated from another user, and possible addition of a second screen, it is clear the theater will succeed. We do not agree, nor does our experience suggest, that the operation of a movie theater cannot be profitable.

2. With only one or two screens, how can we be assured that this business will succeed in this community, especially when the Charles has more screens? Why do you think you will be more successful at this same failed business model of showing first-run films and borrowing money from the City?

ANSWER: See response to Question #1. We believe we can successfully operate the theater because our debt service will be approximately 20% of what it had been under the previous operator. We will also have additional income from two restaurants and other users.

3. What similar models can you cite from around the country, where a single screen historic theatre has been adequately restored and maintained and continues to make a profit?

ANSWER: We cannot site another model at this time, and perhaps Baltimore will have the only one.

4. If you do not build the proposed 2nd screening room, what will you do with first-run films that are no longer performing, when your contract with the film company has not yet run out? You've said you would show a different kind of movie at The Senator than at the Charles. Would you move them to the Charles anyway? What if they are cleared by Landmark? Would you simply let them stay in The Senator's existing auditorium weeks after people have stopped coming to them?

ANSWER: A) If we have a first run movie that is not performing, in order to maintain a good relationship with the distributor from whom we are renting the film, we must honor the contract. This is a very difficult part of the business and it is imperative that good contracts be negotiated for each film. B) The senator is a very large movie palace that will require very popular movies to adequately occupy it. If the Landmark is showing a movie that the Senator is showing we will not likely be able to move it as far south as the Charles because the Charles is considered to be in the same area as Landmark. Distributors do not want two prints serving what they believe to be the same audience. C) If we have negotiated an agreement to play a film even though it may be underperforming, it is important to honor the contract.

5. Your "Vision and Operating Plan" refers to integrating other events into the movie schedule. What portion of the weekly activity of the Theatre do you anticipate this being? Will these opportunities be actively promoted? How will scheduling be handled?

ANSWER: At the Charles we integrate other events into our movie schedule that are requested by non-profits or other organizations that want to plan an event in conjunction with a movie screening. The frequency of such requests is controlled by those making the requests. Our website will explain the procedure for theater rentals. These events will be promoted by the individual or group using the theater for their event and the management at the theater will handle such scheduling.

6. We have supported the idea of the theatre attracting many patrons day and night, all week. We understand that attendance will vary, but how many people are expected when events are not occurring? What will actually be open, and for how long?

ANSWER: We will be open 7 days a week from approximately 2pm to midnight. If an event is not occurring, the patronage will depend on the popularity of the film and number of customers the restaurant and crepe shop will attract.

7. How many first run blockbuster films will you commit to?

ANSWER: Because we do not know how many films will be released in a given period of time, we cannot predict our commitments. It goes without saying that we would hope to book as many appropriate blockbusters as possible.

8. How many press screenings, private screenings, rentals, etc., do you anticipate? What happens if they do not happen?

ANSWER: We do not know how many rentals we will have, but we will make ourselves available, and look forward to working with distributors to host their press screenings.

9. Do you have plans to bring the Met Opera HD live broadcasts to the Senator?

ANSWER: We would like to bring the Met Opera to the Senator if we are able to and it is economically feasible.

Capital Improvements

10. In “Capital Improvements” you have a section on general improvements which does not mention the roof. What is the condition of the roof? What are your plans for repairing or replacing it? What would the timetable be? [\$85,000 allocated in budget for roof. Please identify what repairs.]

ANSWER: The roof has failed and we recommend replacing it. The budget for replacing it is \$85,000 as we believe it is beyond repair. The total construction will take approximately 9 months to complete before the theater is re-opened for business.

11. In “Capital Improvements” you do not refer to any external restoration. What is your assessment of the exterior façade of the Senator? What restoration/repair do you anticipate doing? What would the timetable for this be? [\$70,000 allocated in budget. On what would this be spent?]

ANSWER: \$70,000 for the façade will be spent on the following: stucco will be repaired and repainted with appropriate primer and paint, metal trim will be repaired and replaced where necessary, as well as given new paint, repair and replace broken glass block and repoint.. All renovations should be complete in about 9 months and the theater will re-open for business.

12. I would ask if you would consider a full scale restoration, including historical paint colors, wall coverings, such as the wood veneer that once graced the outer lobby, and a replica of the original chandelier, but it is clear to me that the money for this is not in your budget. What specifically do you intend to do to renovate the existing building?

ANSWER: We have consulted with a nationally recognized interior design firm that specializes in historical research for restorations such as the one we suggest. We will replace the

seats and carpet, repaint the ceiling and walls with deco appropriate colors, replace the wall covering with either fabric or paper, and install new masking and curtains around the screen.

Our budget for this aspect of the plan is \$272,000.

13. Some feel that restoration/renovation estimates are too low. What will be your recourse if the renovations turn out to be more expensive than you estimate or if movie attendance is lower than you expect? What assurances can you give the community that the building will be brought up to an acceptable level of restoration?

ANSWER: Having worked for 25 years in the construction business, we are confident our budget is a sufficient allocation of funds. We can assure the community that the building will be brought up to an appropriate level of restoration. It is critical, though, that the budget be adhered to.

14. Will you commit to doing historical study of the original features of the building, whenever any part of the original building is going to be worked on or altered, so that it will be known what the original condition was, and so departures from the original design are made only with good reason and informed analysis?

ANSWER: We cannot commit to a historical study of the building but we plan to work with the aforementioned interior design firm to ensure the restoration is historically appropriate.

15. Will you commit to keeping and/or restoring original design features that still exist, including, but not limited to the intended use of the existing rooms, the outer lobby walls remaining intact, proper art restoration of the mural in the outer lobby, the original lighting fixtures in the auditorium and the mezzanine, original tile in the bathrooms, the original terrazzo floor in the outer lobby, outside signage, glass bricks, neon, marquee, vitriolite, other decorative elements inside and outside, and the carpet design (which is called "The Senator" and was designed for The Senator)?

ANSWER: Our plan is a serious restoration effort of the Senator Theater. As set forth in our proposal, we are recommending changing the location of the bathrooms in order to achieve compliance with building codes and the ADA. We also recommend re-establishing the two openings in the outer lobby that have been altered and covered-up. This may be an issue in order for the project to be considered eligible for the Historic Tax Credit. These compromises appear to us to be reasonable, and we hope, will be granted. However if the approval is not granted, we will not change the openings.

Our plan for the mural is to clean and re-attach the portions of the canvas that have curled from the plaster.

We are also considering the possibility of making the poster case on the south side of the exterior towards the front of the building an opening for use by the crepe shoppe. We would make the poster case part of the new opening so that when it is closed, it still appears to be a poster case. If this change is not approved we obviously not proceed to alter this opening. We do not expect any other issues to arise from a historical preservation standpoint. We intend to protect the original decorative features of the building.

16. Will you bring a qualified historic theatre consultant on board, someone who has experience in redevelopment and restoration of historic theatres in other cities?

ANSWER: We will rely upon our experience in the redevelopment of historic projects. If we need help with any issues we will obtain such assistance. At this point, we do not see the need for a historic theater consultant.

17. Will there be an opportunity for the public and historic preservation advocates to give input into any new construction or changes to the existing architecture, including renderings of what it will look like, before any construction is started?

ANSWER: If we are selected to develop the site, we will be pleased to meet with a community group or architectural review panel to discuss our approach to the restoration.

18. Although a nice space, many didn't realize until recently that The Charles had actually been a theatre – not just commercial/warehouse space repurposed as a multi-plex. There's nothing there that "reads" old movie house. Comment?

ANSWER: The original 1939 auditorium and adjacent area used in the 1999 expansion were both constructed in the late 1800s to house and service cable cars. Baltimore had five cable car lines at the turn of the century. The cable car company was called the "Baltimore Railway Traction Company"

19. What type of exterior signage is expected and where?

ANSWER: We will continue to use the marquee as the only signage for the theater. The restaurant will have signage that we expect will be approved by a local architectural review panel.

Community

20. How do you plan to work with local community groups to address concerns which may arise from the impact of the renovation and subsequent operation of the Senator Theatre?

ANSWER: We have always enjoyed a good relationship with our surrounding community and business owners, and we expect nothing less with the Belvedere and Govan's communities,

21. Would you continue The Senator's longstanding tradition of community service and helping other non-profits, including annual food drives and 400+ non-profits helped annually by contributions of movie passes?

ANSWER: Yes, we will continue to donate movie passes to non-profits and look forward to working with other charitable institutions.

22. How will the community be involved during and after the transition in ownership?

ANSWER: Our relationship with the community will be similar to that The Charles has with the Station North Arts District, a mutually beneficial arrangement that is appreciated by all.

23. As you may know, the local community can be very loyal to good neighbors and will support businesses that support the community, but will also hold businesses accountable. What are your specific commitments to the community?

ANSWER: We will do our best to be a good neighbor and we expect a successful movie theater will help support area businesses.

24. How do you think the Senator Community Trust can best help support your project? Are you willing to work with the Senator Community Trust whose aim it is to support the restoration of the Senator Theatre and to foster education and arts programming at the Senator Theatre sensitive to the community's needs and interests?

ANSWER: We look forward to working with community groups and to provide optimal programming.

Miscellaneous

31. Will you be applying for a liquor license? If so, what is the plan for that?

ANSWER: We will apply for a liquor license. The procedure for obtaining a liquor license requires that we fill out an application. The liquor license is necessary for the operation of the restaurant.

32. What role will the previous owner of the Senator have in the planning or implementation of your plan?

ANSWER: Tom Kiefaber has made it clear to us that he has no desire to be involved in any future operation of the Senator.

33. Tom Kiefaber has a long history with the Senator Theatre and the public; many love him and are concerned about him. Understanding that you can't please everyone, how would you address those wide-ranging sentiments, whether he participates in your proposal or not?

ANSWER: We will not need to address these sentiments. Tom has indicated to us that he is not interested.

34. Should the adjoining property to the south (446 Rosebank, which is zoned single-family residential) become available, will you modify your plan to include it?

ANSWER: We may incorporate it if it becomes available.

35. In August 2008, you (Mr. Cusack) were quoted in Baltimore Business Journal as saying you may be selling the Charles in the future and "I don't anticipate doing this forever." What made you change your mind? Why should we now assume you intend to stay in the movie business for the long haul?

ANSWER: My capable and energetic daughter and partner will be taking over operations upon my retirement so that my interest in the movie theater business will not have to be sold.

36. Parking has always been a challenge in this area, and the open lot across the street may not always be available for parking. Given that your proposal brings large crowds at concentrated times, how will you address parking and security?

ANSWER: The owner of the Staples lot across the street has indicated that he will allow for its continued use for Senator Theater parking. If security issues arise we will deal with them.

37. Please comment on your vision of the importance of the Senator Theatre for Baltimore. Please also describe the Senator Theatre, LLC's commitment to maintaining this legacy.

ANSWER: The Senator Theater was built as a grand deco movie palace and it is our intention to keep it that way. It is one of the few remaining in the country and the only one in Baltimore City. We would be honored to preserve this legacy.

38. Why wouldn't this theater compete with the Charles?

ANSWER: We will play different kinds of movies at the Senator- films that are considerably more popular than those that are played at the Charles.

39 How will your plan achieve quality jobs, increased tax revenues, and contributions to the City's long-term economic growth objectives for the City? For neighborhood residents? For neighborhood businesses?

ANSWER: We will create jobs and invigorate the York Road corridor with the increased foot traffic created by the operation of a successful theater. Most retailers are desirous of having a movie theater in their midst for precisely that reason.

40. You are a commissioner on the city's CHAP board, which oversees the city's interior and exterior historic landmark designations on The Senator. How is this not a conflict of interest for you to be on the board that would oversee changes you want to make to the theatre? Even if you were to recuse yourself from specific decisions related to The Senator, presumably you already have very close relationships with some of the others on that board. Indeed, you cited one of them as a reference in your RFP.

ANSWER: One of the reasons I was appointed to CHAP was because of my construction experience and work with historic preservation projects. I can understand how this could appear a conflict of interest but the other side of the issue is that it brings experience to the commission which is generally considered an advantage when evaluating projects before them. As we have discussed there seems to be three possible issues that could be brought before the CHAP commission: the relocation of the bathrooms, the re-establishment of the openings in the outer lobby, and the possible use of the exterior poster as an opening to the crepe shoppe. We consider these changes to be reasonable and would expect the CHAP commission, the Maryland State Historic Trust, and Department of the Interior to approve them. If such modifications are not approved, we will not pursue them.

I noted Robert Embry, the president of the Abel Foundation, who is also a CHAP member, as a reference, because of the Abel Foundation's help with the Charles and the relationship and confidence built when The Charles repaid the loan in full before it became due.

41. Since the WTMD/TU proposal shows interest in theatre events but not so much a movie focus, and Mr. Cusack's proposal shows interest in movies, but not so much other theatre events, would either team consider joining forces for a win-win situation?

ANSWER: We propose operating the Senator as a movie theater. We are in discussions with the Board of Child Care for use of the second floor of the proposed new screen and for use of the existing auditorium during the morning hours prior to the matinee shows. Should this relationship not develop we will consider alternative arrangements. Several other organizations have expressed their interest. It is important that the other enterprise be compatible with the movie theater and the neighborhood and that they are able to commit to a rent structure that works. We would be pleased to consider WTMD as one of them.

Restaurants

42. It is my understanding that the restaurant business is a very tough business. Are the restaurants you're proposing going to subsidize The Senator's operation as a movie theatre? If so, how will the restaurants make a profit? What if The Senator's movie attendance continues to underperform or drop off, as movie attendance has been doing all over the country? How much income will you have to realize from the restaurants and other activities to subsidize the failing movie business?

ANSWER: We are in discussions with Quayum Karzai, a local entrepreneur that has been in the restaurant business for over 20 years and enjoyed immense success. In December 2009, The Baltimore Sun's restaurant critic acknowledged two of his restaurants, the Tapas Teatro (adjacent to the Charles Theater) and the b bistro as two of the ten best restaurants of the

decade. We have confidence in his ability to operate the restaurant; an enterprise that we will share the profits of.

42. What type of restaurant do you propose in addition to the crepe shop?

ANSWER: We suggest a similar model of small plates as we do not want patrons bringing left-overs into the theater. This concept works remarkably well at the Charles.

43. What is the criteria for tenants who will rent/share space?

ANSWER: They would have to be a financially sound group that could compliment the theater and neighborhood.

Maintenance

44. How do you plan to care for the sidewalk blocks, which need to be repainted every year or two?

ANSWER: We will repaint them when necessary.

Business District

45. Cusack presents a good time frame for completion, which is important. We have been promoting the 'open doors and lights on' policy during the transition. If the Senator needs to be closed for a period of time, how long is the closure anticipated, and what do you propose to do to maintain vibrancy of the area businesses?

ANSWER: We expect the project to take 9 months to 1 year to complete. For most of that period of time the theater will be closed for construction.

46. Do you have any estimates that pertain to how many visitors you expect to come to The Senator and how much this will help other local businesses?

ANSWER: We expect 90,000 to 150,000 patrons a year. We are confident the additional foot traffic will help area businesses

47. Many do not see this proposal as bringing anything new or different in terms of new customers to the area, and that the crepe shop and new restaurant may take business away from neighboring food establishments. Sometimes, new competition drives out weaker competitors. If additional restaurants are included, it is important to bring to the area two distinct restaurant concepts that might add variety to Belvedere Square, rather than duplication. How would your proposal help to increase patronage of neighboring businesses, not compete with them to the point of causing failure?

ANSWER: Our experience is that increased commercial activity helps other local businesses. The Belvedere Square does not currently have a crepe shoppe or a tapas-like restaurant. We believe these new additions will add variety.

48. Many feel that Govans would be lucky to have the owner of The Charles Theater take over, with Buzz's commitment and financial security for our neighborhood. Tapas Teatro is booming, and Buzz has done wonders for the local area on Charles – now committed to an area for the arts. Please elaborate on the commitment to Govans, and compare the synergy expected on York Road.

ANSWER: We believe in being good neighbor and will be sensitive to the interests of Govans. We expect a restored and active movie palace to be a great asset to the neighborhood.

49. Some are concerned that this proposal is more of a "Charles Theater North" project than the Senator Theatre revitalization project. The Senator is very unique and will need to be treated very differently. How would this grouping of businesses be different than the Charles?

ANSWER: The Charles plays art movies in a modern environment. The Senator will play more popular films in an art deco movie palace. They will be very different movie going experiences and involve the screening of very different movies.

50. How will the Board of Child Care arrangement help the vibrancy of the business district?

ANSWER: Their use of the facility will enhance the theater's financial picture and ultimately help the business district.

51. The Govanstowne Business District extends from the City-County line to 43rd Street. In order to help revitalize the areas of the business district outside of Belvedere Square, would you commit to promotion of local GBA businesses, initiate cross marketing with local businesses, etc.? How will you help the local businesses and non-profit organizations?

ANSWER: Having an active and successful movie theater will contribute greatly to the commercial success of area businesses. If there is a business organization that would like to meet with us, we would be pleased to meet.

52. Do you anticipate providing discount event rentals for local organizations?

ANSWER: Yes.

53. If the new businesses do not succeed, for whatever reason, what is the next step?

ANSWER: When you go into business, you do not to anticipate its failure. We have confidence that it will succeed, however, if it does not we will consider our options at that time.

54. Please submit your gross box office returns for each year for the past 5 years at the Charles.

ANSWER: We find this to be an irrelevant question. .