

**OREGON SHAKESPEARE FESTIVAL
BOARD MEETING MINUTES
January 19, 2007**

PRESENT:

Board: Karen Allan, Mary Arnstad, Ray Bacchetti, George Bell, Bertie Bialek, Kevin Cartwright, Susan Cain, Bill Findlay, Bobbie Foster, Lew Frederick, Louise Gund, Lyn Hennion, Paul Hill, Rudd Johnson, Peter Koehler, Jr., Ginny Lang, Ann Otter, Penny Percy, Jim Risser, Angelica Ruppe, Guy Saperstein, Nancy Tait, Jerry Taylor, Roy Vinyard, Noell Webb

Trustees: Chuck Butler, Beth Cotner, Marty Lemke, Fred Rehms, Dan Thorndike

Staff: Libby Appel, Linda Fern, Joan Langley, Paul Nicholson, Mallory Pierce, Jerry Roos, Janet Shalda, Peter Thomas, Bruce Wand

Guests: Todd Barton, Larry Dellinger, John Tanner

ABSENT:

Board: Jack Creighton, Sid DeBoer, Mort Friedkin, Jody Patton, Lee Pelton, Celia Meese, Elisabeth Zinser

Trustees: Joann Howard, Bill Nichols

A. Call to Order: President Nancy Tait called the meeting to order and a quorum was noted. Tait asked if there were any additions or corrections to the Minutes of the last meeting.

Motion by Jerry Taylor, second by George Bell to ratify the Minutes of the September 8, 2006 meeting. Carried unanimously

B. President's Report: Tait referred to the Retreat issues addressed at September 9, 2006 retreat; several suggestions have already been implemented such as more microphones, assigned seating for dinners, more focused agenda which will allow for more in-depth input and suggestions from the Board; increased time for the artistic presentation. She noted that at the next meeting Board members will be encouraged to share what they learned from their lunch today with their Board Buddy. Tait announced that Bill Rauch, incoming Artistic Director, will be joining the meeting by phone at 1:30pm to discuss his restructuring plan. She also noted that Paul Nicholson, Executive Director, will review the facilities and space issues with regard to the Capital Campaign; Tait underlined the importance of this subject; Board members will need knowledge so they can explain how the capital funds will be used. She commented that the Board Self Evaluation process was very successful and provided a lot of useful information; twenty-nine people responded out of 32 Board members and several stated they were ready and willing to take on leadership roles in the organization, which shows a high level of commitment from the Board.

C. Tudor Guild Report: Geri Anderson, Tudor Guild, reported that 2006 was a very impressive year; ended with 181 members and 16,538 volunteers hours worked. Shop sales were in line with projections. At the December Tudor Guild meeting, Mallory Pierce, Director of Marketing and Communications, and Bruce Wand, Director of Information Technology and Services, presented a website proposal for on-line sales. The Guild has hired a technical person to manage the project--Rajan Kumaran, Information Technology and Web Marketing Manager. The shop was closed in December and is undergoing a major remodel to accommodate a better flow of traffic during rush times and to increase selling space. The staff has been busy doing inventory and learning the new Point of Sale system. The first general membership meeting will meet next week and will be followed by a brunch for all new OSF company members.

D. Endowment Trustee Report: Fred Rehms, President of the Endowment Fund, reviewed the history and structure of the Endowment Fund; it is a separate 501 C (3) corporation and is overseen by

seven individuals, half of whom are finance professionals. The other half have very strong and long term connections to the Festival. In March, two Trustees will be retiring, Marty Lemke and Joanne Howard. The individuals selected to replace them are Robert Porter and Mick Seidl. Beth Cotner, Vice President, provided an extensive review of the Fund's financial performance over the past year; US Equities are at 36.3% which is the largest segment of the portfolio and Alternatives is second with 28.1%. The return on the Fund is currently 16.35% for the year to date. The Fund balance is \$32,290,000.

E. Artistic Presentation: Libby Appel, Artistic Director introduced Todd Barton, Resident Composer, Larry Dellinger, Guest Composer for *On The Razzle* and John Tanner, Guest Composer for *As You Like It*. Barton stated that during Appel's tenure the use of music in the shows has expanded significantly, which allows him to hire great artists from around the country. He commented that music for the theatre is "like vodka; anything you put with it becomes the essence; we take the essence of the mood and enhance it." Dellinger agreed, adding that music for theatre and movies has to "grab the audience immediately." Tanner stated when people hear music, "they bring a lot of baggage to the mind and this is what happens when you hear Woody Guthrie, you know immediately what that music represents." The Board was given an opportunity to ask a variety of questions.

F. Strategic Issues:

1. Striving for Artistic Excellence (Goal 1): Appel acknowledged that this meeting is her last as sole Artistic Director as Rauch will be here in March to announce the 2008 season and then will be fulltime in June. She expressed her appreciation to the Board for their support of the arts and their generosity; she stated that their support, knowledge and care are what the Board brings to this enterprise. The 2007 season was planned as a gift to the Board and to our audience. Regarding the recently-announced structural changes in the artistic office, Appel commented that Rauch had some sober and difficult decisions to make; the company has been supportive. It has not impacted the rehearsals and production work going on right now; the individuals who will be leaving are giving of themselves as they have always done before.

2. Developing our Audience Partnership (Goal 4): Pierce reported on sales to date; revenue is up 13.9%, ticket sales are up 6% compared to this time last year; however these numbers may be inflated since general sales began three weeks earlier and the outbound call center began in November. Flex Pass is going into its third year; packaged this year as five plays for \$99, good Tuesdays through Fridays (Friday matinee only); offered in the spring and fall. Marketing has developed several new incentives: family day for *As You Like It* and partnering with the wine and cheese industry for *Rabbit Hole* focusing on patrons under 40 years old. If these events are successful, we will continue to offer and expand them. With regards to the restructuring announcement from Rauch, 14,000 emails were sent to members and volunteers; 40% of emails were opened; 59 patrons and 14 volunteers responded in the first 48 hours and most of the responses were positive. Four stories appeared in the local newspapers.

3. Maintaining and Enhancing Education Programs (Goal 5): Ray Bacchetti, Education Committee chair, reported that the Education department is ready to have Rauch involved. Joan Langley, Director of Education, reported that 12 actors spent November and December in schools up and down the west coast. Rauch and Langley met in San Francisco to observe a team at one school; the actors won the students over. It was wonderful having Rauch to see what the school tour is all about. She commented on some recent successes of the Partnership Program with nine Oregon schools; Board members are welcome to come and see these tours. School groups are now reserving tickets for February through June and the numbers look even with last year.

4. Ensuring Fiscal Health (Goal 6): Jerry Roos, Director of Finance and Administration, reported on the latest estimate for 2006; total earned income is \$17,892,000; total operating expenses are \$22,817,000; contributed income is \$5,331,000; the net addition to reserves is projected to be \$406,000. Roos reported that the auditor is finalizing its report and the audit team will be attending the Finance Committee in March; presentation to the Board will also occur in March. Tait asked the Board to approve housekeeping amendments to OSF Matching Retirement Plan and Trust:

Motion by Susan Cain and second by Ray Bacchetti that the Board of Directors approve an amendment to the Festival's Matching Retirement Plan and Trust to comply with certain provisions of the Final Regulations under IRS Code Sections 401 (k) and 401 (m) that were published on December 29, 2004, adding two new provisions to what constitutes a hardship distribution and authorize the Secretary to sign the Certificate of Board approval. Passed unanimously.

Motion by Bobbie Foster and second by Rudd Johnson to appoint Angelica Ruppe to replace Susan Naumes to serve as Trustee to the OSF Matching Retirement Plan and Trust along with Paul Nicholson and Gerald Roos. Passed unanimously.

Tait asked the Board to approve the motion regarding a two year proposal by the firm of Michael L. Piels, CPA's, LLP to conduct the 2006 and 2007 audits of the OSF Matching Retirement Plan and Trust with no charge in annual fee of \$7,600.

Motion by Ray Bacchetti and second by Lyn Hennon that the Board of Directors approve the engagement of the firm of Michael L. Peils, CPA's, LLP to conduct the 2006 and 2007 audits of the OSF Matching Retirement Plan and Trust. Passed unanimously.

5. Strong Development Relationships: Ann Otter, Development Committee Chair, and Peter Thomas, Director of Development, reported Premier membership is up 10.7%; Chautauqua Guild is up 26.6%, from 75 members to 95. Producer level is up 8.8%, from 617 members to 671. New members are coming as the season is being sold. Institutional Giving is staying even with last year; Corporate funding is not expected to hit the amount budgeted because there was less interest than anticipated in color advertising in the Playbill. However Thomas is confident that once the new Playbill is out, excitement will grow. We are waiting to hear on our third NEA New Generations Shakespeare in America grant; *Tracy's Tiger* received a \$40,000 grant from the NEA. We are introducing a new OSF Business Alliance initiative where we will host a welcome for prospective new members at Rudd Johnson's house with the two lead actors from *Romeo and Juliet*, scheduled for April 14th. Sandra Claypool has been hired as the new Director of Major Gifts and she is doing a great job. Appel reported on the OSF Theatre Tour to London; forty people attended; the trip was a tribute to Appel and her last season.

6. Developing a Diverse, Fully-Informed Board (Goal 9): Ginny Lang, Board Governance Committee chair thanked the Board for completing the Self Evaluation. The committee has not yet met to review the results, but will be discussing some of the items that came out of the survey. The committee is submitting renewals for Board members up for renewal have been approved and is recommending the appointment of four new Board members who will start in March: Julie Dixon from Portland, Yogan Dalal from Palo Alto, Brenda Williams from Medford and Rick Bleiweiss from Ashland. Those members retiring will do so in March.

7. Dealing with Space and Facilities Challenges (Goal 11): Nicholson provided an overview of the OSF campus and outlying buildings and reviewed the history of the property leased from the city of Ashland under a 75 year lease. Nicholson noted that the Campaign Study Group had urged staff to prepare a 10-15 year Master Space Plan so the campaign asks could be within the context of a carefully developed plan. He outlined eight space planning goals and showed how several large and exciting projects could help to address those goals. The Community Relations Committee will be involved to handle any local issues as plans are developed. Nicholson noted that new and expanded facilities will be one of the two key elements of the Capital Campaign, commenting that the second element is an infusion into the OSF Endowment to support artistic and audience development initiatives.

G. Conference Call with Bill Rauch: Rauch began by thanking the Board for selecting him to serve as Artistic Director. He looks forward to attending the March Board meeting and having more in-depth conversations. Rauch thanked Appel for her generosity as he begins his sixth season as a guest director with OSF. With regards to the staffing changes, Rauch stated he had many deep conversations and listened to company members. A week after his appointment, the artistic staff stated it was "OK" if he decided not to bring them back for 2008, but asked to be notified as soon as possible; he felt the need

to honor that request and informed them he would make his announcement in early January. Rauch met with Appel, Nicholson, Tait and Taylor to outline the changes, adding that Tait was invaluable to help craft the language to the company so it was direct and clear. Rauch explained his concept of new works, expressing his strong belief that it is OSF's responsibility to do the best possible new work – for that to happen there needs to be a certain amount of new work in the pipe line. The US History Cycle is very Shakespearean in spirit. OSF financial stability is good and he has every intention to respect this as we develop new plays. Rauch stated he is walking in the footsteps of “Angus, Jerry, Henry and Libby;” every Artistic Director has built on the history of the others but was also willing to break with tradition to help the Festival move forward. Rauch opened the meeting to questions and encouraged Board members to email or call him to continue the dialogue.

H. Capital Campaign: Nicholson reported on the current status of the Capital Campaign which will include both facilities and endowment components. The Campaign Study Group has met twice; he expects a goal of between \$30 and \$40 million dollars. Nicholson stated there are pressing issues in terms of the Starbuck's building adjacent to the Black Swan, the location of land for a new Scene Shop and the departure of Appel at the end of this season. Appel made a general appeal during the OSF London trip and will make contact with a small number of significant donors for contributions to support OSF's future. Rauch is also willing and ready to participate in capital fund-raising when it is appropriate.

I. Forum for Non-Agenda Items: Tait announced the passing of Brian Mostue, spouse of former Board Member and Endowment Trustee, Emily Mostue. A moment of silence was held in his honor.

The meeting adjourned at 4:00 p.m.

Respectfully submitted,

Ginny Lang
Secretary