

**OREGON SHAKESPEARE FESTIVAL
BOARD MEETING MINUTES
September 5, 2008**

PRESENT:

Board: Karen Allan, Mary Arnstad, Ray Bacchetti, Bertie Bialek, George Bell, Rick Bleiweiss, Susan Cain, Yogen Dalal, Julie Dixon, Bill Findlay, Mort Friedkin, Louise Gund, Lyn Hennion, Peter Koehler, Jr., Rudd Johnson, Kathryn Ma, Ed McCurtain, Celia Meese, Jim Risser, Angelica Ruppe, Jerry Taylor, Brenda Williams, Elisabeth Zinser.

Trustees: Chuck Butler, Bill Nichols, Robert Porter, Fred Rehmus.

Staff: Christopher Acebo, Alison Carey, Linda Fern, Joan Langley, Paul Nicholson, Jacob Padrón, Mallory Pierce, Bill Rauch, Peter Thomas, Jerry Roos, Bruce Wand.

Guests: Teresa Eyring, Donna Walker-Kuhns, Carolyn Peake, Roberta Stebbins.

ABSENT:

Board: Sid DeBoer, Kevin Cartwright, Paul Hill, Bobbie Foster, Jody Patton, Penny Percy, Roy Vinyard, Noell Webb.

Trustees: Kelly Meldrum, Mick Seidl, Dan Thorndike.

President Jerry Taylor called the meeting to order and a quorum was noted.

PRESIDENT'S REPORT: Taylor asked if there were any additions or corrections to the minutes of the last meeting.

Motion by Susan Cain, second by Bill Findlay to ratify the minutes of the June 13, 2008 meeting. Carried unanimously

Staff has been working diligently to establish a budget that will work, given the challenges of the current economic climate. The plays are beginning to wind down for the season. Bill Rauch, Artistic Director, will review his first season at the Board Retreat tomorrow. Ray Bacchetti, Chair of the Governance Committee, will lead a discussion about maintaining a diverse and fully informed Board. Bacchetti's report and analysis on the Board's Self-Evaluation Survey will also be reviewed at the Board Retreat.

TUDOR GUILD REPORT: Carolyn Peake, Tudor Guild Liaison, reported that maintaining the usual level of profits from the gift shop is proving difficult this year. Patrons are spending money on lower price items. Each year the finances are reviewed, the staff is paid and six months of funds are kept in Reserves for the purchase of merchandise for the next season. Tudor Guild hopes to give \$120,000 for next year, down from \$180,000 for 2008. The organization is looking for new products and will continue to brainstorm ideas with OSF staff. The Tudor Guild is open to growth and change which has enabled it to remain open for 60 years. Peake announced this was her last meeting as Tudor Guild Liaison. She commented that she has been involved with the Festival for 52 years. Peake remembers her first season here and still feels excitement as each new season begins. She looks forward to provocative seasons to inform and transform the human spirit. Roberta Stebbins, Tudor Guild President, will be the Liaison to the Board next year. Stebbins presented a check in the amount of \$100,000 to Paul Nicholson, Executive Director as the final payment toward their 2008 pledge, and praised Peake for her work and dedication. Stebbins stated that she joined the Tudor Guild to meet people and never dreamed this season of her life would be so exciting and rich because of OSF. The Tudor Guild is a positive thinking organization and plans to get the financial gift amount back up as soon as possible.

ENDOWMENT TRUSTEES REPORT: Bill Nichols, Vice President of the Endowment Fund, reported on the portfolio performance results for the year. The Endowment was down 3.8% for the 12 months ending June 30th. In a year where the S & P was down 13% it was a very good year, and the result of the

diversified portfolio. Fund Manager Ryan Harvey of R.V. Khuns spends a great deal of time discussing asset allocation with the Trustees. The portfolio is currently ¼ U. S. Equity, ¼ National Equity, ¼ absolute returns and ¼ in Real Estate. The portfolio is also invested in about 50-60 Hedge Funds; the Trustees provide a great deal of due diligence and are quite comfortable with this arrangement. In the past year, the portfolio had a positive return of 1%, which was better than the U. S. stock market's 13% decline. The Endowment portfolio is focused on long term investments; about 10-20 yrs out. At yesterday's Endowment Trustees meeting, the Trustees approved the current allocations. The Trustees also agree to a 5% payout each year to the Festival. Some endowments have lowered their payout and there are some concerns that the 5% payout may erode the purchasing power of the Fund, but this will be monitored closely. Trustees recently reviewed endowments of at least \$1 billion to see how they are invested. It appears that our portfolio has a higher risk and return than most other endowments but the Trustees feel this will pay off in the long run. Nicholson stated that one of the Trustees is due to retire, so we are looking for candidates with a strong background in investment expertise. George Bell, Board member, stated the Trustees should be commended for maintaining the portfolio allocations.

ISSUES FROM THE FIELD: Teresa Eyring, Executive Director of Theatre Communications Group (TCG), commended OSF for the work which predates much of the work in theatres and is a great example for other arts organizations. Eyring stated she looks forward to hearing what the Festival's Board of Directors' concerns are. She commented that the work of TCG is focused on the economy, which is rocky, an election year and environmental concerns. These all impact the fiscal needs of theatre. These issues were discussed at the National Performing Arts Convention held in June 2008. TCG was funded by the Ford Foundation in 1961; today there are more than 500 member theatres. TCG gathers knowledge to assist theatre throughout the United States.

ARTISTIC PRESENTATION: Rauch introduced Dan Donahue, a member of the acting company, who began here in 1994. Throughout his nine seasons here, Donahue has played many great roles. He also recently acted in *The Lion King* on Broadway as Scar. Rauch stated Donahue is one of the nation's most respected actors. He has set the bar as an actor. Donahue shared that he grew up in Washington, and attended Penn State for graduate school. Acting was always on his radar and early into college he kept thinking about the Festival. He never saw a show here until the early 1990's but met many actors that he respected and was told "if you have the ability to play Shakespeare, you can play anything". After graduate school, Donahue set his sights on OSF and auditioned. He learned by watching people and taking notes; asking people how they did that. His philosophy is to "put yourself in a great pool of people and meet the bar and raise it". Donahue commented that he sometimes deliberately leaves the Festival for a period: *"When you come back you can see what is strong about the company and what is not. You forget to flex the muscles you need to flex. You atrophy if you don't flex your skill"*. Donahue says he needs to get out of his comfort zone, to look at himself and do a season to re-examine his work in front of strangers. The core of everything he does is to get better at acting and he does not have a goal of "arriving". Donahue wants to see progress; he likes challenging roles that will push him in various ways. He stated, *"To be a great actor you need to play the great roles"*. He feels it is important to reach out to parts that will challenge him and to humble him to look at his own ability. It is healthy to go away and come back from time to time because hopefully he comes back a little more surprised and with more to offer. He noted that it is hard to find classically trained actors - there is less emphasis in actor training programs today on skills that will help an actor on the Elizabethan Stage. Donahue commented on the growing visibility of the company; going to the Kennedy Center; getting others aware of the Festival. In New York, Donahue heard buzz about the acting company at OSF. People are aware of what is going on here. Donahue stated the character of Iago, "is a better actor than I am, so my task is to close that gap." Donahue's mantra, *"I know I'll be a better actor at the end of the season than I was at the beginning"*.

STRATEGIC ISSUES:

- 1. Striving for Artistic Excellence (Goal 1):** Rauch commented that the Green Show has been very successful this year thanks to Claudia Alick, Associate Producer-Community and Ben Cobb, Green Show Technical Director. Rauch received much praise from the community for making the change. Some people might like one performance more than another, but the new format is a success. There are 50 different acts through the season and Cobb keeps it running smoothly. Festival Latino was a great success due to the hard work of Freda Casillas, Audience Development Manager and Teresa Peterson, Audience Development Associate. Board Member Angelica Ruppe was also a great support to this project. Rauch noted that he has begun to implement a culture of evaluation by meeting with the cast after each show has been created. It has been so healthy to learn what has been helpful and what has not and how new actors are oriented to the company. The first readings of the 2009 plays are going well; directors and designers are able to meet to discuss the shows; casting changes have been made after the first reading which has been very valuable. The cast is also available to do a photo shoot during this process. The Boarshead process for selecting plays for the 2010 season is going very well; it has been opened up to include a couple of community members. The new play development process continues to move forward; Libby Appel has completed her translation of Chekhov's *Seagull*; Bob Smith has turned in his first draft of *Hamlet's Dresser*. The American Revolutions project has grown from an idea to a reality. Plays are being created; historians are helping with research; people are very responsive. The Kennedy Center tour for *Welcome Home, Jenny Sutter* was very successful. The production consistently received standing ovations which does not usually happen on the East Coast. There was an emotional connection which was so much deeper in D.C.; perhaps related to the proscenium stage. The Kennedy Center would like the Festival to return and were very pleased to have brought OSF in for this production. Ping Chong's adaptation of *Throne of Blood* is moving forward; The Brooklyn Academy of Music (BAM) has invited us to perform the play there at the end of the run in Ashland. There are several touring opportunities for us to travel to Mexico and China; ongoing discussions will center on how much the host countries can pay expenses.
- 2. Developing our Audience Partnership (Goal 4):** Mallory Pierce, Director of Marketing and Communication, introduced Donna Walker-Kuhn, Audience Development Consultant. Walker-Kuhn is from New York City and works at the national level in many organizations. For over 30 years, Walker-Kuhn has worked to create access for people of color. She commented that she likes the institutional investment in the audience and enjoys working with the Festival. In terms of diversity – it means ethnicity, age, class and geography. Walker-Kuhn is currently researching what the external and internal problems are; where does this initiative live within the Festival and what do people do who have to execute it. She is working to creating a sustainable infrastructure to engage these communities. The internal culture at the Festival also involves the work done by Carmen Morgan, Diversity Consultant. Building a culturally diverse audience means people must own it on a philosophical level. Personally, at the end of the day, people should feel joy; this will be reflected in the patrons they connect with; not just filling a grant requirement or mandate. Walker-Kuhn stated that building a diverse audience does not come for free, it costs money; she thanked the Board for making it a priority in the budget and for not cutting the program. OSF has raised the bar and is taking the lead by providing an example for other arts organization. OSF is a healthy company and there is commitment to make this happen. Walker-Kuhn thanked the Board for allowing the dream to move forward.
- 3. Ensuring Fiscal Health (Goal 6):** Jerry Roos, Director of Finance and Administration presented the 2009 budget for approval. The budget is based on attendance at 84.7% of capacity; a 3.8% increase in average ticket price; a 7% increase in contributed income; no salary increases for staff. After a lengthy discussion, the Board unanimously approved the budget of \$26,552,000. Nicholson assured the Board that senior staff has plans in place to revise expenditures in the event that the budget becomes difficult to maintain in these economic times. The budget is balanced with no deficits; it is tight but adequately funds the 2009 season; it is based on reasonable assumptions which includes contingency funding. The budget is backed by Reserves and will be closely monitored on a monthly basis. Roos proceed to provide the current

2008 financial report as follows: projected total expenses are \$26,269,000 with anticipated earned income of \$18,991,000 which leaves an earnings gap of \$7,278,000; contributed income is projected at \$6,728,000 which leaves a net loss to Reserves of \$550,000.

- 4. Creating Strong Development Relationships (Goal 7):** Peter Thomas, Director of Development, reported that the 2008 goal was \$6.5 million and he expects to exceed this amount this year. Bill Langan has been hired as the Manager of Major Gifts, an old face in a new role as Langan has been in the acting company for many seasons; Thomas and staff are excited to have Langan as part of the team. The Development Committee meeting was held this week; discussions centered on the budget contributed income goal that will increase to \$7.2 million for next year. This is \$600,000 over this year's goal; however, the staff feels very comfortable with this. Thomas expressed concern about Foundation giving because of the economy. Peter Koehler, Jr., Chair of the Development Committee, stated they have work to do as a committee; they are trying to determine how they can work together with staff to help reach the contributed income goal. He noted that the Bowmer Society was short of its goal. The Committee is looking at how the Festival can increase the focus and success of the campaign; they will be thinking more strategically and focus on this issue over the next few months. Thomas thanked the Board for funding a full Development staff; the office is writing more grants than ever before. It is Artistic Director Circle membership renewal time; Rauch and Thomas would like as many names on the brochure to sponsor the plays for next season as possible. Thomas is trying to arrange meetings for Rauch with groups of Board members in Seattle, Portland and San Francisco.

Thomas noted that the Board needs to take action to accept a gift from a recently-deceased member.

Motion by Peter Koehler, Jr. and second by Elisabeth Zinser for the Board to accept the terms and consideration of the estate gift of Sherrilyn S. Maltby. Passed unanimously.

- 5. Maintaining and Enhancing Education Programs (Goal 5):** Joan Langley, Director of Education, reported that her department is trying to be smart about their reduced resources. They have decided to offer three *Wake Up with Shakespeare* classes and to increase the class size. There will also be a change to the Festival Noon Lecture Series – they will be offered everyday, Tuesday-Sunday at noon. Next season the Education staff will mix up the schedule with a variety of programs that will appeal to families, involve the community, invite the Green Show performers participate and involve scholars that provide a lecture to also do a forum. This will help to bring in more revenue. Another growth element is to provide support to the teachers in their development to teach Shakespeare to their students by increasing scholarships to teachers, dedicating some staff time to reaching out to other theatres and colleagues in colleges and universities that teach Shakespeare to young people. The School Visit Program schedule has been provided in Board packet. Board members are encouraged to visit the school that is hosting the SVP in their area.
- 6. Developing a Diverse, Fully-Informed Board (Goal 9):** Ray Bacchetti, Chair of the Board Governance Committee, reported this is the time of year that the Committee begins to look for new Board candidates. He thanked Board members for names of candidates submitted so far. The Governance Committee will work to expand the list. Next year one Board member will be retiring and a seat for a Latino candidate is being held as part of the Ford Foundation Grant. Bacchetti plans on discussing the results of the Board Self-Evaluation Survey at the retreat tomorrow.
- 7. Capital Campaign:** Nicholson reported that the staff believed that the strategic plan needed to be firmed up before the Capital Campaign could be developed. He is anticipating over the next 6 months forming a Needs Assessment Committee to evaluate the needs of the Festival. He also

plans on holding a serious discussion at the January Board meeting to determine the financial goal of the Capital Campaign. Becky Ross, consultant, will be at the January Board meeting to aid in the discussion. Nicholson stated there is a lot to accomplish over the next 3-4 years. He expects that the Capital Campaign would have two components – first, infrastructure in terms of physical elements and second, Endowment.

K. FORUM FOR NON-AGENDA ITEMS: Conversion of Property: Nicholson stated that when OSF purchased the Camps and Pioneer buildings 10 years ago, the Festival shared in the purchase of them with Michael Donovan (Camps) and Steve Sacks (Pioneer.) When purchasing the buildings, the parties became Tenants-in-Common with the parties having joint ownership of the building. The Festival has the right to occupy the upper floors and the other owners have the right to occupy the lower floors. Donovan and Sacks would now like to convert ownership into a condominium arrangement. Nicholson said that he will check with the Executive Committee and move forward with them as the situation develops. The Bricks: Nicholson stated that Board president, Jerry Taylor, sent a letter to the mayor and City Council advising them the Board of Directors will not renovate the bricks as planned this fall because of the economic challenges. Nicholson talked with most of the councilors and found that they understood the financial implications and believed that this was the Festival's business. Human Resources Director Search: Nicholson has received 90 applications for this position; it was the widest outreach ever conducted. The applicants have been narrowed down to 14 and the prospects look promising.

The meeting adjourned at 4:30 p.m.

Respectfully submitted,

Ray Bacchetti
Secretary