OREGON SHAKESPEARE FESTIVAL
BOARD MEETING MINUTES
January 22, 2010

PRESENT:

Board: Karen Allan, Mary Arnstad, Ray Bacchetti, Susan Cain, Kevin Cartwright, Bertie Bialek Elliott, Lyn Hennion, Paul Hill, Peter Koehler, Jr., Rudd Johnson, Kathryn Ma, Ed McCurtain, Fred Rehmus, Jim Risser, Angelica Ruppe, Jerry Taylor, Roy Vinyard, Brenda Williams.

Trustees: Dan Thorndike.

Staff: Christopher Acebo, Claudia Alick, Kimberley Barry, Alison Carey, Freda Casillas, Linda Fern, Joan Langley, Paul Nicholson, Jacob Padrón, Mallory Pierce, Bill Rauch, David Taylor, Peter Thomas, Jerry Roos, Bruce Wand.

Guests: Carryl Breon – Tudor Guild Liaison, Carmen Morgan – Diversity Consultant.

ABSENT:

Board: Jody Allen, George Bell, Rick Bleiweiss, Sid DeBoer, Yogen Dalal, Julie Dixon, Brad Edgerton, Bill Findlay, Mort Friedkin, Louise Gund, Celia Meese, Penny Percy, Elisabeth Zinser.

Trustees: Chuck Butler, Bill Nichols, Robert Porter, Bill Meehan, Kelly Meldrum, Mick Seidl.

A. Welcome: President Jim Risser called the meeting to order and a quorum was noted.

B. President's Report: Risser asked if there were any additions or corrections to the minutes of the last meeting.

Motion by Roy Vinyard and second by Angelica Ruppe to ratify the minutes of the September 9, 2009 meeting. Passed unanimously.

Risser welcomed the Board members to the 75th anniversary season of the Festival. He congratulated Bill Rauch, Artistic Director and Paul Nicholson, Executive Director, for the success of the 2009 season. The production of *Equivocation* which toured to Seattle Repertory Theatre last November was well received and had great success. Risser thanked the members who traveled to Seattle to see the production and for inviting their friends. Board member Jody Allen and Festival supporter Paul Allen were very gracious to host a party for the cast and crew after the opening of the play. The 2010 season opened with Company Call on January 5th at which Nicholson gave an accounting of the 2009 season results and Rauch shared his thoughts and vision for the year ahead. Risser stated Rauch's speech was very inspirational to the company members and was well received. A copy of Rauch's speech will be emailed to the Board members as requested. Risser praised the Show Introductions, where the director, designers, cast and crew share their visions and hopes for the productions. Risser reported that two company members, Kit Leary, Archivist and Amy Richard, Media Relations Manager, wrote a book to commemorate the Festival's 75th season. He praised their work and encouraged the Board to purchase the book at the Tudor Guild Gift Shop or the local Bloomsbury Books.

C. Tudor Guild Report: Carryl Breon, Tudor Guild Liaison, reported that the Tudor Guild Board has examined the Gift Shop business practices and made the necessary changes to ensure a strong 2010 season. Since last June, the Board has overseen an almost complete restructuring of the staff and operating systems in the shop. Raj Kumaran, who was the IT Specialist, is now the General Manager. He has already overhauled several systems, enabling improved sales

and purchases information and eliminating the need for a full-time bookkeeper. Eileen Polk continues as the Book Buyer and Sunny Anderson is the General Merchandise Buyer and Outreach Marketing Manager. The Volunteer Coordinator/Web Content Coordinator is Linda Garnett and the new position – Floor and Concessions Manager is Melissa Markwell. Since Kumaran's promotion to General Manager, the shop has shown a significant increase in profits. Breon thanked the OSF staff for their support during the difficult transition in the shop. She stated the loyalty and efforts of their membership and staff continue to make the Tudor Guild Gift Shop a viable and valuable part of the OSF experience.

D. **Endowment Trustees Report**: Jerry Roos, Director of Finance and Administration, provided the report for the Endowment Trustees on behalf of Endowment Fund president, Bill Nichols. Roos, Susan Cain and Risser attended the last Endowment meeting where the trustees reviewed the portfolio. The investment performance fell a bit short because two equity international funds did not perform as well as projected. However, the Trustees have confidence in the investment managers and we had a gain of 25% for the calendar year. Having a more diversified portfolio was well rewarded by the market. We currently have a net fund balance of $25.6 million after allowing for the payout to the Festival that is due in March. At the end of 2008 the fund balance was $22.4 million. The Trustees discussed the percentage payout to the Festival and have agreed to keep it at 5%; if they decide to change the percentage, they will notify the Festival staff early on so it can be taken into account in the budgeting process. Two Trustees will complete their terms and are willing to be appointed to another term.

Motion by Susan Cain and second by Fred Rehmus to ratify the appointment of Dan Thorndike and Bill Nichols to a second term on the Endowment Board. Passed unanimously.

Thorndike stated the Trustees are very dedicated to the Endowment and they are a very impressive group of investment professionals. Risser stated he was very impressed with their knowledge, providing good advice and options.

E. **Issues from the Field**: Nicholson reported that he and Mallory Pierce, Director of Marketing and Communication, are involved with the City of Ashland economic development planning. Ashland City Mayor, John Stromberg, is aware of the Festival's interest and is working to keep us in the loop. Oregon Governor Ted Kulongoski is receiving the Americans for the Arts' Public Leadership in the Arts Award. Nicholson also reported on the National Arts Index, which is a highly distilled annual measure of the health and vitality of arts in the United States. This reveals that although non-profit arts organizations grew 42% during the period of 1998 – 2008, the demand for the arts is lagging and attendance at mainstream arts organizations is in decline. The Festival's attendance and giving record do not reflect this trend, but it is a concern in the long term. The Board requested a copy of the trend report.

F. **Artistic Presentation:** Rauch introduced Susan Whitmore, Artistic Coordinator – Executive Assistant to Rauch; she has been at the Festival for 15 seasons. She commented that Rauch is her third Artistic Director. Whitmore is responsible for creating the production calendar. This is a very complex process. Whitmore stated the production calendar organizes how we rehearse and perform eleven plays in rotating repertory in three theatres. No two production calendars are exactly alike, because the plays are different and how they work together changes from year to year. She explained how the various production "slots" work together in the course of the season and outlined how the Conflict List is key to the entire schedule. Because we always need multiple shows rehearsing and performing at the same time, this is the document that will tell us what we can and cannot do at the same time. It is important in determining which plays should be assigned to which slots. She talked about the impact of cast size and the male/female ratio, age and ethnicity of roles, anticipated tech time and shop loads at specific times in the season. She gave many examples of how the season comes together. Whitmore

then explained how to read the production calendar and pointed out the month of June, which contains three weeks (between May 25 when *Throne of Blood* starts rehearsals and June 18, when *Well* closes) when all eleven shows are either in rehearsal or performance at the same time. She noted that the season calendar is crucial to the way the Festival operates – everything flows from it.

G. Board Buddies: The Board met with their Board Buddies for lunch. This is a time to meet one on one with company members in their work areas to learn about the Festival and what occurs behind the scenes.

H. Education Presentation: David Salsa, Actor and David Thompson, Resident Teaching Artists presented elements from the two programs used during the fall School Visit Program (SVP). One dealt with Shakespeare's Fools (called "These Foolish Things") and the second was a scene from *Hamlet.* The material presented could be used for grades 4th – college, but is primarily used in junior high and high schools. It is not necessary for the students to have studied Shakespeare before the SVP arrives. Salsa stated the program and subsequent dialogue have a real impact on many students. The actors are on the road for two weeks visiting schools throughout the West Coast and in Kansas. Thompson stated that Spanish speaking teams and curriculum are sent to the schools that request it.

I. Strategic Issues:

1. Striving for Artistic Excellence (Goal 1): Rauch reported that it was a challenging fall in 2009 because morale was low due to his casting decisions and a couple of negative media reports. Once the season closed it was a time of reflection and healing. A new role within the artistic staff has been created called line producer. These individuals are the liaison between the show and the artistic leadership team; this is to improve communication and support. Senior staff participated in a retreat which proved to be very meaningful and has provided good outcomes. There are four shows currently in rehearsal with OSF vets at the helm; Libby Appel, Christopher Liam Moore, James Edmondson and Rauch. New actors and returning vets have created a good balance. The process for *Hamlet* is going very well; Rauch and Dan Donahue, the actor playing Hamlet, have spent 60 hours together on the script. Claudia Alick, Associate Producer/Community, is guiding the Players' hip hop esthetics. There has been great collaboration between the artists and the production staff in bringing down the costs for *She Loves Me.* The Artistic Opportunity Fund (AOF) continues to be a blessing to make the work on stage appropriate for the anniversary season. Rauch noted that space issues are becoming worse; we are successful, but we are also bursting at the seams. We cannot expand what we are doing because we do not have the room. The tour of *Equivocation* to Seattle was a major success. Rauch is almost finished selecting the 2011 season with just a couple more decisions to be made.

New Play Development: The Edgerton Foundation has provided financial support to commission five new musicals; work is underway in this area. Alison Carey, Director of the U.S. History Cycle, reported this program is receiving good support and other theatre companies are interested in our process. There was a workshop last fall for *Ghostlight*, which is being considered for the 2011 season; it has been fantastic to work through this play. Robert Schenkkan is writing a play about former President Lyndon Baines Johnson and the Civil Rights movement; Schenkkan is excited about his work and where it is going. David Henry Wang is writing a musical about his family's immigration from the Philippines. The goal is to have other theatres participate in this U.S. History Cycle program and the generous support by the Collins Foundation enables us to invite theatres to come to Ashland and participate in workshops. We have applied for a sizable grant from the Mellon Foundation in support of the U.S. History Cycle; we will know the outcome by March. Carey has attended several conferences and continues to work with historians on plays.

Literary Development: Lue Douthit, Director of Literary Development and Dramaturgy, is at the Playwrights' Center (PWC) in Minneapolis working with playwright Melanie Marnich on her new play *The Bridesmaids.* The play is a co-commission between OSF and the PWC. Marnich is now hard at work on the next draft and we expect to further develop the play later this season in the Black Swan Lab.

Green Show: Alick reported that she attended the Association of Performing Arts Presenters (APAP) where she participated in industry related workshops, panels, and plenary sessions as well as connected with performers and agents through showcases and visiting their booths.

Innovation Lab: Rauch thanked Board member Kathryn Ma for her contribution to this new project. Ma stated she learned so much about the process of putting a production together including each facet of the play and how it is handled with professionalism. Hearing from outside directors and designers was extremely valuable. She also asked if the $25,000 grant funding was sufficient to support this project. Rauch stated we received a one time grant, but we now have a springboard for other funding. Rauch reported that the Lab is currently focused on script management with great support from the ITS department. The first pilot play is *Hamlet*. The Innovation Lab is based on a very collaborative process from all participants.

2. Deeply engaging with our audience, students and teachers (Goal 2): Pierce reported that the Festival is off to a good start for ticket sales; pre-sale went very smoothly and we are half way to our ticket goal. The Box Office is at its busiest time of the year with ticket orders. We are receiving great feedback from our customers; those that had problems ordering tickets online received a call back from the Box Office and were provided support. The ITS and Box Office departments have been very supportive and collaborative and their efforts are greatly appreciated. The ticket sales for *Hamlet, Pride and Prejudice* and *She Loves Me* are doing especially well. Group sales are below last year at this time, primarily because of a drop in Elderhostel ticket orders. Sales for junior high school groups are also down – the economy is a huge factor that has caught up with us in this area. Pierce commented that the advertising campaign for 2009 was very successful. Our campaign for the 75th anniversary year is called Myth Busters, focusing for example, on the myths that we only do Shakespeare plays or are only open in the summer. The Oregonian newspaper is going to be doing a whole feature on the Festival in their arts section. National Public Radio (NPR) will also be doing a feature on the Festival; we are getting great coverage for the 2010 season.

Education: Susan Cain, Chair of the Education Committee, announced that educational activities taking place around the March Board meeting will be listed on the March Board order form. She encouraged Board members to take advantage of these opportunities, noting that it is great to see the reaction of the students when they attend these classes. She added that it is important for Board members to see what the Education department is doing for our audience. Joan Langley, Director of Education, reported that the Festival is doing more challenging plays for students this season. We have 650 classes booked already for this year; we are doing very well attendance wise. The SVP went to 127 schools this fall in four different states, most of which were high schools; we reached 70,000 students. Staff has been involved with a pilot assessment project, the purpose of which is to learn what has been helpful to students. Staff looks forward to learning and sharing the results with the Board in March.

Audience Development Manifesto: Nicholson introduced Carmen Morgan, Diversity Consultant, to facilitate the conversation on audience development at the Festival. Nicholson reported that over the past year, Rauch, Christopher Acebo, Mallory Pierce and Freda Casillas, Audience Development Manager, spent over 50 hours together identifying and analyzing assumptions about our audience, looking for the truth and how to reconcile our belief systems. We have now created a document that we are very proud to share with the Board. It was an extremely powerful process and gave clarity to the leadership team and to Casillas for her work. Rauch reinforced his gratefulness to Casillas for her efforts; the process was rich and meaningful. The

Board took turns reading passages of the document out loud and Morgan facilitated the discussion that ensued. Board Member Angelica Ruppe stated that she was deeply moved to hear the commitment to our growing Hispanic population. Board comments included asking if local hotels, bed and breakfast establishments and restaurants could create a similar document to offer to our guests; recognizing that the Festival is a destination theatre and we need to have a place where they can stay and that the manifesto is an affirmation that they are welcomed here; this is more than a values statement, it is important that this is a core mission to the company; this process should occur with some degree of regularity; manifesto means etched in granite and not touched raising the question whether that is what we want or whether it should it be viewed as a living piece of work. Nicholson emphasized the belief that we will most effectively diversify our audience when every person in the company acts as an ambassador in inviting new audiences. The Audience Development department is not responsible alone for welcoming diverse populations to the Festival. Rauch added that we have read this document out at other meetings and it is very positive and empowering. One Board member suggested that we should reconsider calling it a Manifesto because of that word's connotations. Board member Mary Arnstad commented on the connection between the manifesto, the focus on the audience and our education programs, the 75th anniversary and the myth busting theme for marketing noting that it could be tied into the Human Resources work with internal marketing.

3. Making the Festival a great place to work (Goal 3): David Taylor, Director of Human Resources, reported there were some modest changes to the health insurance plan, which were well received by company members. We are now more in line with other health plans in the Rogue Valley. We met with our health insurance broker and negotiated better co-insurance rates on our health care plan. It seems that any changes made in health care reform will not have an effect on our plan. We continue to provide diversity forums and skill building sessions. The Audience Development Manifesto was presented to the Diversity and Inclusion Council and was very meaningful. In the last two years there has been a spike in Workers' Compensation claims; however, the situation is looking good at this point for this year. We have developed certain new safety measures such as safety training for various departments, more in-depth work with the acting company and the fight director, Stonehouse fitness programs and stretching exercises for those with repetitive motions. We have also instituted case management for Workers' Compensation claims.

Leadership Team: Rauch reported that the senior staff retreat, for both artistic and administration staff members, held last fall was very beneficial. It became clear that we wanted to spend more time together as a team and we now have a commitment to come together as a team for 90 minutes each week. At the retreat we compiled a substantial list of artistic and administrative perceptions, assumptions and myths. We rotate our meetings each week between staffing issues and unpacking these assumptions. Nicholson stated he is pleased with the work and how we have created a safe place to unpack these issues. The Board congratulated the staff and stated this seems to be a very positive step.

Space Issues: Nicholson presented a report on the problems relating to the lack of space for company members to do their jobs effectively. The Festival has outgrown many of its designated areas such as scene shop, rehearsal rooms, classrooms, office space for Marketing and Communications, Development, Production, Stage Managers, play development, Members' Lounge, conference rooms, actors' dressing rooms, music rehearsal room and voice and text studios. Nicholson estimated the cost to build new facilities to meet the Festival's needs is around $16 million. However, he also noted that this would be a cascading series of projects, with years between each phase. If we want to address these issues a capital campaign timeline will need to be established where the leadership team and the Board can create a plan. A new Board committee will be brought into the process, probably within a year. Board member Roy Vinyard suggested the Festival hire a professional space planner; it would be well worth the cost if we are looking at $16 million in projects.

4. Being thoughtful stewards of our resources (Goal 4): Roos reported that the Festival's new portfolio investment firm is Merrill Lynch. We held a joint Finance Committee and Human Resources Committee meeting to discuss company members' benefits and compensation; the meeting was very positive. Roos noted the financial report is provisional until completing the audit which is currently underway. Our new lead auditor is Karen Wandtke from the accounting firm, MacDonald Jacobs in Portland. Roos stated the Festival had an extraordinary year in 2009, with record ticket revenues. The analysis of the 2009 expenses reveals we were $1,650,500 over budget. The areas of over expenditures were as follows: $363,000 in additional artistic and production cost paid for out of the AOF; $547,800 to raise the reserves to 2 ½ months of health Insurance claims cost; $151,400 in Workers' Compensation insurance costs associated with claims from two prior years; $236,800 for increased royalties and credit card charges relating to higher attendance and $407,000 for deferred salary increases of between 2% and 3% paid to all company members. He noted that outside the above uncontrollable expenses, departments as a whole netted savings of $55,500. The Board recognized the importance of reintroducing raises that are added to the employees' base salary. Roos stated there is money in this year's budget for a raise if net revenues are sufficient to grant it; a decision on this will be made later in the season. Roos reviewed the early preliminary figures for 2010. Ticket sale projections are running ahead of budget; there are some additional operating expenses for the shows that we did not anticipate, but we feel things are headed in the right direction. A new Board committee has been established in accordance with the recently-adopted Gift Acceptance Policy. The Festival received a bequest of approximately $210,000 in 2009 and the Committee decided it should go into the AOF, which brought the balance to $2.2 million. Roos stated there was a housekeeping issue that required the Board's approval.

Motion by Angelica Ruppe and second by Susan Cain that the Board of Directors approve amendment and restatement of the Oregon Shakespeare Festival 457 (b) Deferred Compensation Plan to conform the plan to various legislative changes up to and including the Pension Projection Act of 2006 (PPA) and the Heroes Earnings Assistant and Relief Tax Act of 2008 (HEART Act). Passed unanimously.

Development: Development Committee Chair, Peter Koehler, Jr., reported that the Festival received the largest theatre grant from the National Endowment for the Arts (NEA) in the amount of $50,000. Deb Small, Director of Institutional Giving, has submitted a grant request to the Mellon Foundation, with encouragement from them to ask for $850,000. The Development team is cautiously optimistic that the Festival will receive this request. Koehler shared that the Festival's production of *Throne of Blood* is going to the BAM in November and encouraged Board members to attend. He commented that the Development Committee had some successes but did not work out as well as he had hoped. Discussions are now being held to determine what the Committee should look like and new ideas will be presented at the March Board meeting. Thomas stated the Mellon Foundation grant, if awarded, would be a huge step forward in terms of national recognition of our play development work, particularly the U.S. History Cycle. He added that the quality of the grant writing and the passion that goes into the grant is very collaborative. We are now co-commissioning with The Public Theatre, a new play by Rhiana Yazzie, an award-winning Navajo playwright. Thomas stated other theatres have contacted us saying they want to work with us in creating new plays.

J. Governance Issues: Ray Bacchetti, Chair of the Governance Committee, reported on the work the Committee has accomplished. It has created a strong list of Board candidates, talked with Board members that are up for renewal and is ready to recommend the new Board officers for the upcoming year. Bacchetti stated the committee had a particularly challenging task because five members completed their second terms, one member resigned and three first-term members decided not to stand for re-election. So there are nine open positions and one for a renewal term. The retiring Board members are Sid DeBoer, Lyn Hennion, Angelica Ruppe,

Jerry Taylor and Elisabeth Zinser. The resignation was from Karolina Thompson, who moved to Utah with her family, thus making it impossible for her to reflect the interests of the Rogue Valley Latino Community to the Festival. The members declining a renewal term are Celia Meese, Jody Allen and Bill Findlay, all for reasons personal to them. Paul Hill is recommended for a second term. The Committee recommends that two of the nine open places be carried forward for election in 2011 as there will be only three vacancies opening that year. The Committee feels this is a good recommendation because it would be in the Festival's best interest to build up the Board in anticipation of the capital campaign and it believes there are some outstanding candidates who will be available to us in a year from now, but not now.

Motion by Ray Bacchetti to carry forward two unfilled positions for election in March 2011. Passed unanimously.

Bacchetti stated the Committee relies heavily on Nicholson and Thomas for an initial set of names from the pool of names kept as potential candidates; other names were added by Board members. The total number of names we began with was 32. Over the course of five meetings, from May through December, we pared that group down to the seven as follows: Mary Driver, Applegate, Oregon; Pam Hammond, Ashland, Oregon; Ken Hitz, Los Altos, CA; Lee Pelton, Salem, Oregon; Daniel Santos, Portland, Oregon; Henry Wessinger, Portland, Oregon and Maria Underwood, Medford, Oregon. Bacchetti reviewed the factors that influenced the Committee's decisions; with this group of seven new members, the Board will have a strong fundraising capacity, good geographical representation, slightly less gender balance, slightly more diversity and overall a solid group of new Board members. Bacchetti provided the officer recommendations for next year: the continuation of Jim Risser as President and Rudd Johnson as Vice President; he recognized their leadership and good service and acknowledged the value of continuity. For the position of Treasurer, the Committee recommends Susan Cain and for Secretary, Karen Allan. These two Board members have contributed their time and talents to the Festival in many ways and are willing to continue to do so in these positions. Bacchetti stated these recommendations will be voted on at the Annual Meeting on March 12th.

75th Anniversary: Pierce presented a slide of the new street banners which will celebrate the Festival's 75th season. There will be a Festival float in the Ashland 4th of July parade. On July 5th, there will be a company party, with Pat Patton directing the event and Kimberley Barry as Production Manager. Our local TV station, KOBI, is pulling together sponsors to run a series of announcements throughout Oregon to celebrate our 75th year. We will be launching a new home page on the website at Opening which will include a welcome video with Rauch and behind the scene photos. We will also be including a process allowing people to share their stories about OSF that will appear on our website; this will become part of our permanent archives. The Schneider Museum at Southern Oregon University (SOU) will feature OSF in an exhibition over the summer. The Rissers were very instrumental in making this connection possible. The Folio will be coming back this year as a gift from Paul Allen and his family. There will be other special programming events which will be announced later.

K. Forum for Non-Agenda Items: Nicholson outlined the unusual arrangement the Festival has regarding the Pioneer Building (housing the OSF costume shop and the Ashland Bistro Cafe) and the Camps Building (housing the Development Department and Chateaulin Restaurant.) In both cases the Festival is a joint owner of the building and a co-tenancy agreement gives us the right to occupy the upper floors. The co-owners have now approached the Festival, asking for our agreement to convert the ownerships into condominium arrangements. Nicholson is working with attorneys to develop the condominium agreements. Nicholson noted that at the September Board Retreat there was energy around the discussion of diversity and inclusion. The Festival's Diversity and Inclusion Consultant, Carmen Morgan suggested a Board Diversity Committee be formed. This will be discussed with Jim Risser to make sure it does not overlap in responsibility with other Board committees. Board member Fred Rehmus asked the

Governance Committee to review the Board meeting timelines. With meetings in January, Opening in February and then the next Board meeting scheduled in March, there is a lot of traveling for the out-of-town members. The final issue discussed regarded check presentations by our volunteer groups. When we were a membership organization, the checks were presented during the Annual Meeting of the membership, in front of the public. Now that we are a non-membership organization, our meetings are private. The Board suggested management look at a presentation that gives these organizations public recognition, reminding the public that the Festival is supported by their efforts.

L. Executive Session: The staff was excused from the meeting so the Board could hold an executive session regarding the performance review outcomes for Nicholson and Rauch. These evaluations were based on feedback solicited by the Board President from other members of the Board and those senior staff members reporting directly to the Artistic and Executive Directors. President Risser and Vice President Johnson had previously met individually with both Rauch and Nicholson to discuss the evaluations. The predominate content of the evaluations affirmed the signal contributions both made in 2009 to the artistic success, financial well-being, and overall excellence of the Company. Because the Artistic Director's contract expires in May, a committee of directors will work with Rauch on a new contract. The draft contract will be discussed with then Executive Committee and brought back to the March 2010 Board meeting for ratification.

The meeting adjourned at 4:30 p.m.

Respectfully submitted,

Ray Bacchetti
Secretary