Oregon Shakespeare Festival
Board of Directors Meeting
March 13, 2009

Present
Board: Karen Allan, Mary Arnstad, George Bell, Rick Bleiweiss, Susan Cain, Kevin Cartwright, Yogen Dalal, Sid DeBoer, Julie Dixon, Bertie Elliott, Bill Findlay, Bobbie Foster, Mort Friedkin, Lyn Hennion, Paul Hill, Rudd Johnson, Peter Kohler, Jr., Kathryn Ma, Ed McCurtain, Penny Percy, Jim Risser, Angelica Ruppe, Jerry Taylor, Noell Webb, Elisabeth Zinser.

Endowment Trustees: Chuck Butler, Bill Nichols, Fred Rehmus, Mick Seidl, Dan Thorndike.

Guests: Linda Anderson – Soroptimist Photographer, Bill Cain – Playwright, Kirsten Giroux – Curriculum Specialist and Resident Teaching Artist, Debbie Jones – Soroptimist President, Scott Kaiser – Director of Company Development, Roberta Stebbins – Tudor Guild Liaison, Karolina Lemus-Thompson – Board Candidate.

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

Absent
Board: Ray Bacchetti, Louise Gund, Celia Meese, Jody Patton, Roy Vinyard, Brenda Williams.

Endowment: Robert Porter, Kelly Meldrum.

A. Welcome: Jerry Taylor, Board President, opened the meeting and a quorum was noted. **Motion by Angelica Ruppe and second by Ed McCurtain to approve the minutes as distributed. Passed unanimously.**

B. President's Report: Taylor briefly reviewed the Artistic Director Succession Plan that had been distributed to Board members. He emphasized that Bill Rauch, Artistic Director, is not planning on leaving, but that the Executive Committee had requested a plan in the event Rauch became ill and unable to perform his responsibilities. Taylor stated that the Executive Committee reviewed this plan and had approved it; the plan was being provided to the Board for informational purposes. Taylor introduced Debbie Jones, Soroptimist President and Linda Anderson, Soroptimist Photographer. They presented a check to the Festival in the amount of $28,050. Paul Nicholson, Executive Director, accepted the check on behalf of the Festival. Taylor welcomed Karolina Lemus-Thompson and Fred Rehmus and noted that they will be elected to the Board, along with Brad Edgerton, during the Annual Meeting that convenes immediately after the Board meeting.

C. Announcement of the 2010 Season: Rauch reported that next season is the Festival's 75th anniversary and he wanted to honor that milestone while keeping in mind the budget and the economy. He noted that the new Artistic Opportunity Fund (AOF) certainly helped to open up possibilities. This season will be audience friendly and will have 20 fewer roles than in 2009. Rauch stated he felt this was a responsible choice in this economy, but the AOF allows him to be bold and make choices that he would otherwise not be able to make. Rauch thanked the donors for their support. The 2010 season productions are as follows: Angus Bowmer Theatre – *Hamlet* by William Shakespeare and directed by Bill Rauch; *Pride and Prejudice* based on the novel by Jane Austen and directed by Libby Appel; *Cat on a Hot Tin Roof* by Tennessee Williams and directed by Christopher Liam Moore; *She Loves Me*, Music by Jerry Bock, lyrics by Sheldon Harnick, book by Joe Masteroff and directed by Rebecca Bayla Taishman; *Throne of Blood,* adapted by Ping Chong from the film by Akira Kurosawa and directed by Ping Chong. New Theatre – *Well* by Lisa Kron and directed by James Edmondson; *Ruined* by Lynn Nottage, director TBA; *American Night* by Culture Clash and directed by Jo Bonney. Elizabethan Stage – *Twelfth Night* by

William Shakespeare and directed by Bill Rauch; *Henry IV, Part 1* by William Shakespeare and directed by Penny Metropulos; *The Merchant of Venice* by William Shakespeare and director TBA.

D. Education Presentation: Joan Langley, Director of Education, reported that much of the department's work is focused on supporting teachers; she feels very passionate about this. The Education department offers workshops, curriculum about Shakespeare and scholarship opportunities for teachers working with fourth grade through college level. Topics are focused on how to get students engaged and actively involved. Most of the teachers teach English and are accustomed to teaching students while they are sitting down. Langley stated that when students get up out of their chairs, Shakespeare becomes more accessible, more real and more understandable. As part of a national movement in best practice, students are encouraged to speak some part of Shakespeare's language every day. The curriculum for teaching *Macbeth* includes six different lessons. Kirsten Giroux, Curriculum Specialist and Resident Teaching Artist, provided a demonstration of one of the lessons taught to teachers; everyone in attendance at the Board meeting actively participated. Attendees commented on how valuable it was to experience the teaching first hand. Langley stated her staff always looks for the most difficult parts of Shakespeare for the teachers to teach and for students to understand; that becomes the starting point.

E. Tudor Guild: Roberta Stebbins, Tudor Guild Liaison, reported the Guild is very passionate about its work in supporting the Festival. The Guild holds six business meetings each year – each includes an artistic presentation. One year Langley was the presenter and talked about the Summer Seminar for high school juniors. After the presentation, many Tudor Guild members wanted to support the program. Searching their history, they found the Guild used to provide scholarships to actors that were not part of the Actors' Equity Association. In this spirit the Guild recently established the Tudor Guild Scholarship Fund that supports Summer Seminar participants. The past President has the privilege of giving the check to the Education department. This year, the department received a check for $1,601. Tudor Guild members also attend the Swan Song (the students' final activity) in August so they can experience the impact of the gift given to the students immediately.

F. Endowment Trustees: Bill Nichols, Endowment Trustees President, reported the Fund is down by $12 million from last February. The Trustees will meet this weekend after the Board meeting, which will be the seventh meeting to date this year. They are very concerned about these results and did a very modest rebalancing following the recent $1,580,000 payout to the Festival. He noted that the S&P 500 is down 43%; the endowment portfolio, as a whole, has good diversification which has helped to soften the blow. Positive news is that there has been modest growth in the two hedge funds. The Trustees will continue to monitor the portfolio closely throughout spring. He stated that a number of the investment professionals who serve on the Endowment Board are unable to attend the customary Thursday afternoon meetings, so their regular meetings have been moved to Saturday mornings. Nichols reported that Fred Rehmus will be retiring as a Trustee. Nichols thanked him for his work and congratulated him on his commitment to serve on the Board of Directors. Rehmus stated he was proud that the portfolio hit an all time high of $35 million during his tenure. He believes the Endowment will reach that amount again under Nichols' leadership. Board member Mort Friedkin stated it would be helpful to have the investment managers give a presentation on their work. Endowment Trustee Dan Thorndike stated that the basic core of the Endowment is still there and he believes it will return to its prior level.

G. Issues from the Field: (1) Nicholson reported on the effects the economy is having on theatres around the country. Theatre Communications Group (TCG) carried out a survey which showed that not all the news is "doom and gloom." Some theatres are expressing optimism but there was a significant decline in corporate support. Some theatres are responding to the economy by dramatic cost cutting; Seattle Rep has cut its programming by 30%; Arizona Theatre is asking staff to take a three week furlough. Other theatres have scaled back their programming and performances, reducing shows and the number of actors. Many theatres are revisiting pricing options. One key element is that theaters are learning the importance of communicating to the stakeholders. Nicholson stated that OSF has done all of

the steps that were mentioned; he continues to work closely with both staff and the Finance Committee. (2) The Oregon Community Foundation has reported the average demand for services is up 16% but private giving has declined by 50%. In Oregon, corporate donations did not change significantly; the total number of donors increased but the average amount has declined. (3) Nicholson shared positive news that the National Endowment for the Arts (NEA) received $50 million from the federal stimulus package, recognizing that the arts support jobs and that theatre organizations are just as deserving as other industries receiving stimulus monies. The NEA will disperse 40% of the funds to the states and the rest as $50,000 or $25,000 grants to arts organizations for job creation or retention. OSF will apply for a grant; Nicholson believes we have a compelling case. If awarded, the grant will be designated for the 2010 season. (4) Nicholson commented that the Oregon State Legislature removed $1.8 million from the Oregon Cultural Trust (OCT) license plate fund, to help fill the $800 million shortfall for the current biennium. He has sent a letter to the Chair of Ways and Means expressing his concern over this decision. This issue received more comments from constituents than any other in recent times; the donors feel violated by this action. In the final analysis, this may help the OCT because it is clearly a lightning rod issue and constituents may speak up about the importance of continued growth in the Trust. (5) Board member Mary Arnstad stated that letters are being assembled from the tourism industry to combat a potential State Legislature raid on tourism funding. (6) There is a growing problem with the use of cell phones that can cause glow during performances. Students are texting each other during the shows which causes their face to glow. Staff will continue to address this issue with the chaperones and students.

H. Long Range Plan: Jim Risser, Long Range Planning Committee Chair, reviewed the process of developing the new Long Range Plan. It initially began when Libby Appel was Artistic Director; however, it was put on hiatus when she announced her retirement. The process was re-initiated after Rauch was hired. This has been a long and deeply collaborative process with extensive involvement of the Board, senior staff, the entire management team and many interested company members. At Board meetings in 2008, the Board reviewed and approved the vision, mission and values statements. At the January 2009 Board meeting, the action programs were reviewed. Risser presented the final portion of the long range plan which included the assumptions, financial projections and a related financial analysis. Risser pointed out that because of the economy the anticipated Capital Campaign will not take place in the near future. He added that the Board will review the Long Range Plan (LRP) annually to determine what the Festival can undertake in relation to available funding. Risser stated that the LRP Committee feels very strongly that the Festival needs a plan to help it move forward and to maintain the vision of the leadership. Nicholson stated that the financial analysis underscores the necessity of being financially realistic. The analysis presents an outline on how the finances may look in the next four to five years. With the current economy, there will be limits, but if the economy turns around the Board will know what action programs will be funded. Nicholson stated the underlying assumptions are “best guesses” at this time. Even with the current economic downturn, Nicholson, staff and the Committee feel excited about the plan they have completed. Nicholson shared that there were long debates over the 400 action programs; not all of them have a funding source at this time, but the plan shows the direction in which the Festival wants to move. He commented that the Festival is well-positioned to move ahead quickly when the economy improves. Nicholson quoted Winston Churchill: “Ponder deeply then act” and stated that we have done our pondering – it is now time for us to act. After discussion the Board agreed the plan provides cohesion and direction, providing a road map on how to move forward, even if the route changes. **Motion by Jim Risser and second by Paul Hill to approve the 2009-2013 Long Range Plan. Passed unanimously.** Nicholson thanked the staff and Board members for their support during this process. He stated the Festival is stronger for it and he is deeply grateful to everyone involved.

I. Strategic Issues:

1. Striving for Artistic Excellence:

Artistic Issues: Rauch updated the Board on the latest artistic news. He noted that Lemus-Thompson is not only a new Board member but is also the mother of Sergio Thompson, who plays Winthrop in *The Music Man.* Rauch stated that four shows have opened since the Board met last and

two more are in rehearsal. The Elizabethan shows go into rehearsal shortly. The Festival has been approached with two touring offers. The first is to take *Equivocation* to Seattle Repertory Theatre when the show closes in Ashland this fall. Rauch stated it is a wonderful opportunity to have a world premiere go on tour where funds are provided; OSF will receive "enhancement money" to support the cost of mounting the production. The second offer received is to take *All's Well That Ends Well* to Beijing, China this fall. The production will appear at a university venue and at the Grand National Theatre in Beijing. The presenters in China are covering the majority of the costs. The Festival would be responsible only for the salaries, which amount to approximately $50,000. This is an excellent opportunity to use the AOF to take the Festival's work overseas. These offers are not finalized and the Board will be kept informed as the plans are solidified. Rauch commented that he has been so moved by how strong morale has been among company members during the current economic challenges. The company has pride in the work they are creating. The "bumps" in the road during the transition time are getting ironed out and Rauch's team is learning the system and how to move the Festival forward.

Play Development: Lue Douthit, Director of Dramaturgy and Literary Development, reported that play development is a broad topic; always moving and changing. There have been re-writes in *Equivocation* and a new draft of *Don Quixote.* She noted that creating a play is not a linear process. Alison Carey, Director of American Revolutions – the U.S. History Cycle, stated she is delighted that Culture Clash will have their play produced in the 2010 season. The Festival has been invited to participate in a workshop studying new play development in Louisville, Kentucky. OSF is creating a strong voice in how new plays are created. As part of the Oregon 150 Sesquicentennial celebration, and in salute to the Festival's roots in the Chautauqua movement, OSF will produce three special Chautauquas: April 25th, August 12th and October 24th. The Festival has been awarded a $5,000 grant from the Oregon Council for the Humanities to fund this activity. Carey praised the Development department for their outstanding work in grant writing to fund new play development.

2. *Deeply Engaging with Our Audience, Students and Teachers:*

Education Committee Report: Susan Cain, Education Committee Chair, reported that an article analyzing the Rand Education Survey results was sent out to all the Board members. Langley extended an invitation to the Board to attend a Prologue or workshop, or any other educational event offered at the Festival.

Marketing and Communication Report: Mallory Pierce, Director Marketing and Communications, reported ticket sales for the season as a whole are down 14,500; she noted that when patrons do purchase tickets, it is an "all or nothing" sale; the work of her department involves getting people to make the decision to come to Ashland for the plays. Group sales numbers are flat compared to last year at this time – a good result considering the economic situation. However, with the budget crunch in both Oregon and California, we can expect that there will be cancellations this year and next. The yield pricing approach for tickets appears to be working well and staff will continue to monitor this practice. To date there are 175 performances marked for yield; 1,500 tickets and $7,000 in additional sales revenue were completed without any customer service issues. Pierce stated that this practice is still in the "test mode" and will be monitored closely throughout the season. The advertising theme for this season is "Stay closer, Go further" created by Owen Jones, the Festival's new advertising firm. Staff is working on revealing the many cultural connections being made at the Festival. We believe we have not sent this message strongly enough throughout the community. Hector Tobar, a reporter from the Los Angeles Times, recently wrote a very compelling article on OSF that underscores the importance of community work. Brochures now provide more details on the programs being offered to the community: there is an on-line survey for first time ticket buyers; the 19.35 program that reaches out to the 19 – 35 year olds; the Players for 14 – 18 year olds; the Business Flex Pass for local businesses to purchase tickets for their employees and many discount offers for local patrons. Word of mouth is a great way to spread the news on what the Festival is offering.

3. *Making the Festival a Great Place to Work:*

Human Resources Committee Report: Rudd Johnson, Human Resources Committee Chair, reported that company morale is good, which is evidence that the Festival is on track with its employees. Johnson has met several times with David Taylor, Director of Human Resources, to help with Taylor's transition into his position. Taylor shared that he has worked in the human resources role for many years and is very impressed with the level of commitment and the range of experience of company members. Even though there were many personal sacrifices taken by company members in this economic climate, conversations are centered around, "the work will be better if we do this…" This is an eye opening delight for him; people are optimistic in difficult times. He noted that the upcoming Company Call on March 31st is a time to recognize company member longevity and invited Board members to attend.

4. *Being Thoughtful Stewards of Our Resources:*

Finance Committee Report: Angelica Ruppe, Finance Committee Chair, reported on the findings of the audit. The Committee had a conference call with the auditors from MacDonald Jacobs, P. C., before the firm began work in January. When the audit was completed, the principal auditor, Susan Marks, reviewed the findings with the Finance Committee. There were only two small adjustments needed. Ruppe stated that Jerry Roos, Director of Finance and Administration, and his team do an excellent job with the accounting. The management letter addressed a couple of recommendations: (1) Further segregation of duties, which the administration took immediate action on and (2) The health insurance reserve, which the auditors felt was insufficient, as it fell far short of the recommended two months of claims (the Finance Committee approved an adjustment to the year end accounting that brought the reserve up to one and a half months of claims). The audit was completed in 245 hours. Ruppe stated the quality of the work has improved because the audits have been clean. She noted that there was a decrease in assets of $13 million of which $10 million was from the loss in investments in the Endowment Fund. The Finance Committee will review the investment policy for the Festival and present results of that review at the June 12th Board meeting.

Latest Financial Estimates: Roos reviewed the latest financial picture as follows: earned income is projected to be $18,262,000 for the season ($25,000 over budget); operating expenses is projected at $24,973,000 ($63,000 over budget); contributed income is projected to be at the budget of $6,232,000, but Nicholson noted that it is still too early to give a solid projection at this time. Roos reported that Workers' Compensation costs have risen dramatically; he is working with the broker agent to develop more detailed information on this.

OSF Solutions Business Plan and Agreement: Roos reviewed the business plan proposal for the OSF Solutions, LLC. Developed initially by Stuart Cotts, Theatre Technician and enhanced by John Chenault, the program is called MLight and has been used to handle the moving lights in the Festival's theatres for several years. Most of this work was done by Cotts on his own time, but tested at the Festival's venue; it is not a work for hire situation. Roos stated it is a very rigorous and robust program that is now ready to be marketed to other organizations. Cotts and Chenault have now formed a business named Plumerose to support and enhance the MLight software. Roos stated the Festival has significant rights to the software and Plumerose believe they have many as well. The agreement, which was presented to and supported by the Finance Committee, is a structured, ongoing licensing royalty agreement. There are extensive clauses relating to termination of the relationship. The objectives of the software marketing proposal include: contributing to the vision statement; recognizing and retaining the IT staff, and providing more revenue for the Festival. Staff throughout the Festival or hired consultants will be used to manage this project, whichever is most cost effective. The internet will be used to do most of the marketing. The MLight software has been tested at several beta sites. The feedback has been strong and the marketing potential is significant as there is no other software on the market with this ability. Target markets include universities, churches and schools. Roos presented the budget showing a low breakeven point. The software has a low price threshold so that customers with limited means can get in for as little as $500. Roos believes the software has a strong upside potential and minimum financial risk to the Festival. For product liability issues, the Festival has created an LLC. All the steps necessary to protect against

copyright infringement have been taken and will be filed upon the Board's approval. **Motion by Bill Findlay and second by George Bell to approve the OSF Solutions Business Plan. Passed unanimously.**

Development Committee Report: Peter Koehler, Jr., Development Committee Chair, shared that the Committee met this morning; they will reconstitute with one or two Board representatives from each key regional area with the goal of targeting specific individuals to convert them into significant contributors. The goal is to get seven $20,000 contributors by the end of 2010. Participants on the Development Committee must be excited and willing to be held accountable for this objective. This Committee has not yet been selected, but Board members will be contacted soon asking for their participation. Koehler informed the Board that the responsibility of soliciting contributions does not solely lay with the Development Committee, but with all Board members. The Festival needs Board members in each area to work towards developing stronger contributions and higher level of Board work. Peter Thomas, Director of Development, said he has a great team and thanks the Board for their praise of his staff.

Capital Campaign: Nicholson reported a meeting was held in March regarding the Festival's long term needs and the potential for a Capital Campaign, particularly in this economy. Becky Ross, Campaign Consultant, advised not to move ahead with a campaign at this time. Those attending the meeting came to the consensus that the new AOF will help augment the support from the Endowment and that this is not the time for a fully-fledged campaign. Nicholson and Thomas are in the process of identifying a few select donors to support a small scale campaign to raise additional funds for the AOF. There is a total of $17 million in capital projects listed in the Long Range Plan that senior staff would like to fund, but at the present moment it is clear the money cannot be raised. The need for a Capital Campaign has been addressed in the Plan and staff will be responsive to it as the economy improves. The staff will present a request to the Board relating to funding and undertaking a feasibility study when they determine that it is an appropriate time to move forward.

J. Artistic Presentations:

Bill Cain, playwright of *Equivocation*: Cain shared his passion for theatre and his desire to write the play *Equivocation.* He first visited the Festival in 1971 and has seen many productions here. *Equivocation* is a profoundly personal play for Cain and after writing it he was not sure anyone would be interested in the play, so to get the call from Rauch asking to do *Equivocation* in the same season as *Macbeth* and *Henry VIII*, made Cain feel ecstatic. He talked about some of the themes of the play, including the question of mass destruction, terrorism, cruelty, how you develop a soul and embrace the ugly instead of destroying the ugly, and the power of theatre. Cain's play is about stripping everything away and not being ashamed. Theatre is the only art that can do this; it can make visible what is invisible and the audience is encouraged to embrace what is un-embraceable. In conclusion, Cain said "…the goal in the darkness is to say I see you, I will see you again, God's speed."

Scott Kaiser, Director of Company Development: Kaiser provided a lesson on various styles of verse speaking. Kaiser created a list of two styles: old school and new school. In every art form, styles change and we are in a transition period now. Kaiser provided taped auditory examples of the two styles of verse speaking. All these different elements come into play when we talk about the proper way to speak the phrase: vocal quality, rate, phrase, how consonants and vowels are handled, how the meter is handled and how operative words are managed. What Kaiser does on a daily basis is to talk to the actors about those elements. Any classically trained actor should have total command of all of these elements. A director will state what type of speech he or she wants to hear and the actor needs to figure out how to provide what the director wants. Kaiser helps the actor determine what particular style the director is seeking. The Elizabethan was built for the old style of speech, being an acoustic space that is very large. In the New Theatre an actor can use the new style and still be heard and understood. An actor working in a repertory theatre will need to use the old style in the outdoor theatre, but change to the new style in a smaller venue. These skills are very specific by director, venue and character. There are fewer institutions that teach these acting skills and most of the young actors do not have the experience of working in larger theatre, especially outdoors. Kaiser also helps with the actor/teachers that travel in the school visiting program to ensure they can work in many different types of venues. He also offers

help in the Black Swan Lab, Nexthetics, and new play development. Kaiser answered questions from the Board, who thanked him for sharing his knowledge with them; they found it very helpful and intriguing.

K. Governance Issues: Karen Allan, Governance Committee member, reported that the Governance Committee is bringing to the Board for election, three nominees to fill the places vacated by Bobbie Foster and Noell Webb and one vacant position. These individuals are: Karolina Lemus-Thompson, Brad Edgerton and Fred Rehmus. They are each nominated for a four-year term. The officer nominees are: President, Jim Risser; Vice President, Rudd Johnson; Treasurer, Angelica Ruppe and Secretary, Ray Bacchetti. At the June Board meeting, the Committee will report on the responses from the various Board Committees to questions about how to continue what they do well, improve what they are not satisfied with and make relationships between Committees and the principal staff members with whom they work as effective as possible.

L. Forum for Non-Agenda Items: The Board requested that senior staff contact information be made available. Linda Fern, Executive Assistant, will email this information out to the Board. Board members were also asked to complete the Conflict of Interest form to be in compliance with the Sarbanes-Oxley Act. Nicholson announced the passing of Greg Hornecker, former Board member from1991-1977, Lois Pischel, former Marketing and Communication staff member and Ronn Smith, Custodial staff in the Physical Plant department.

Meeting adjourned at 3:45p.m.

Respectfully submitted,

Ray Bacchetti,
Secretary