OREGON SHAKESPEARE FESTIVAL
BOARD MEETING MINUTES
June 11, 2010

PRESENT:

Board: Mary Arnstad, Ray Bacchetti, George Bell, Rick Bleiweiss, Susan Cain, Kevin Cartwright, Yogen Dalal, Julie Dixon, Mary Driver, Brad Edgerton, Ken Hitz, Peter Koehler, Jr., Rudd Johnson, Kathryn Ma, Ed McCurtain, Penny Percy, Fred Rehmus, Jim Risser, Danny Santos, Roy Vinyard, Henry Weissinger, Brenda Williams.

Trustees: Bill Nichols, Bill Meehan, Robert Porter.

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

Guests: Carryl Breon, Tudor Guild Liaison, Darko Tresnjak, Director.

ABSENT:

Board: Karen Allan, Bertie Bialek Elliott, Louise Gund, Paul Hill, Mort Friedkin, Lee Pelton, Maria Underwood.

Trustees: Chuck Butler, Kelly Meldrum, Mick Seidl, Dan Thorndike.

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

B. President's Report: Risser noted there were three sets of minutes to approve. He asked if there were any additions or corrections to the minutes of the March Board meeting, Annual Board meeting and Executive Session as follows:

Motion by Susan Cain, second by George Bell to approve the minutes of the March 11, 2010 Board meeting as corrected. Carried unanimously.

Motion by George Bell and second by Roy Vinyard to approve the minutes of the March 11, 2010 Annual Board meeting as distributed. Carried unanimously.

Motion by Susan Cain and second by Brenda Williams to approve the minutes of the March 11, 2010 Executive Board Session as distributed. Carried unanimously.

Risser reported the Festival is having a great season with three new productions opening this weekend on the Elizabethan Stage. Two more productions are in rehearsal and are scheduled to open later this summer. The Green Show program continues to be a hit with both the community and patrons. Risser reminded the Board that the dinner would take place in Lithia Park at the Feast of Will. Risser paid tribute to Peter Thomas; a celebration was held that was very touching, sharing stories and photos of Thomas's life. The Board had a moment of silence in honor of Thomas. Board members and staff shared stories and memories about Thomas, who held friendships both inside and outside of the Festival.

C. Tudor Guild Report: Carryl Breon, Tudor Guild Liaison, reported that sales are up and the profits have improved enough that they hope their pledge to OSF will be raised significantly. The sales on books and posters have risen dramatically. Collaboration with the ITS and Marketing and Communication departments have made a positive difference. Currently, staff is working with Blackstone Audiobooks to increase sales of the CD audiobooks narrated by actors and staff at OSF. Breon thanked the Festival staff for their support, which has brought well-being to both organizations.

D. Endowment Trustees Report: Bill Nichols, President of the Endowment Fund, reported that the fiscal year ended on April 30th with earnings up 24.8%; the benchmark is 27%. The hedge funds have held the investments in a good position. The portfolio balance is $25.5 million; $1.4 million was transferred to the Festival last March. The expected rate of return is 4.5% on 37-month average. The Trustees are currently discussing lowering that amount for 2012 and will keep the Festival staff apprised of their decision. The Trustees will report to the Board their final decision at the September Board meeting.

E. Issues from the Field: Paul Nicholson, Executive Director, reported that Board member Fred Rehmus and his wife Marcia were awarded the Avenidas Award. Avenidas, a Palo-Alto based organization serving local seniors and their families, presents the annual awards to individuals and couples who have distinguished themselves through outstanding contributions to their communities. Nicholson reported that American couples have cut back on their charitable giving by 3.6%; however, OSF has only lost 1% last year so we are ahead of the trend. Arts giving has received significantly more support that other non-profits. Bill Rauch, Artistic Director, will be presented with the Visionary Leadership Award from Theatre Communications Group (TCG), at the Chicago conference next week. Nicholson and Mallory Pierce, Director of Marketing and Communications, will be attending the Leadership Boot Camp at a pre-conference training. Other Festival attendees to the TCG conference are Christopher Acebo, Associate Artistic Director, Claudia Alick, Associate Producer – Community, and Board Vice President Rudd Johnson. The Mayor of Ashland, John Stromberg, has appointed 22 people to serve on the Economic Development Ad-Hoc Committees; Board member Pam Hammond is serving on the Policy Group and Pierce is on the Technical Advisory Committee. The Festival is being well represented and it is crucial the City recognized how importance tourism is to our Ashland. Nicholson reported that in April, the Festival received the Governors Award for Tourism. Governor Ted Kulongoski presented the award in Bend, Oregon. Bob Hackett, Marketing Manager, attended the presentation; he has been greatly involved with the tourism industry. Nicholson noted that National Public Radio (NPR) reported that the Festival is doing very well in this economic climate.

F. Artistic Presentation: Rauch introduced Darko Tresnjak, Director of the production *Twelfth Night*. Rauch heard a great deal about Tresnjak's work and he is excited to have him here for the 75th season. Tresnjak is one of the major interpreters of Shakespeare's work. He was born in Yugoslavia and while in college, he developed an interest in directing. Tresnjak noted that in every phase of his life, he had a mentor. He attended graduate school at Columbia University. His career began with opera and expanded to the theatre. Tresnjak stated his experience at OSF has been wonderful. *Equivocation* was the first production he saw at the Festival. He encouraged the Board to hang onto the "smart audience" and not be hooked on bringing in movie stars or movies that have been made into musicals; he noted several theatres have begun doing this. Tresnjak stated his view on *Twelfth Night* is that it is one of Shakespeare's "naughty" plays. His interpretation is rated PG-13 and it has been a total joy to do this production. Rauch stated the company members have enjoyed working with Tresnjak and Rauch has heard nothing but praise.

G. Strategic Issues:

1. Striving for Artistic Excellence (Goal 1): Production Updates: Rauch reported that the production *Ruined* is now opened; it was the final piece of the puzzle for the 2010 season, which let him sleep at night. He feels the season is a mixture of risk and celebration. *Ruined*, which is the backbone of the New Theatre, has paid off and is a very moving production. Our community partner for this production is Sexual Assault Response Team (SART) of Jackson County. The production *She Loves Me* has exceeded Rauch's expectations; it is a dose of sheer loveliness and is a great part of the season. The production is well acted; however, it was an "absolute workout" for the Production team. Rauch stated he was naïve about the amount of work needed to produce a musical in that time slot, which took its toll on the Production staff. He stated it was worth it, but we learned a great deal about what is needed and what is required. Because this production became so time consuming, the three outdoor productions were behind schedule. The weather was another factor in running behind the rehearsal schedule. Rauch explained that the technical process of the

rehearsals were difficult because of the torrential rain, the worst in his tenure. However, spirits were high and the directors and designers were very understanding, the Production shops remained calm and committed. The recovery from *She Loves Me* to the opening of the outdoor shows went well because of the strength of the organization. The next shows to open are the two world premiere productions *American Night* and *Throne of Blood.* These two plays will stand in contrast of dynamics. The rehearsal for *Throne of Blood* has a ritual of entering the rehearsal room as a sacred space; taking off their shoes and giving a greeting in a bow. Half of the rehearsal is dedicated to movement warm up and has been a very rich experience. *American Night* is an immigrant story and is very timely with the immigration issues currently taking place in Arizona. This production is pushing the edges of this controversy.

Space Issues: Rauch stressed to the Board the challenges with the Festival's space issues. It is a problem and staff is being proactive in dealing with this crisis.

New Play Development: The Festival received a grant from the Nathan Cummings Foundation for ongoing projects in the area of Nexthetics (the term for hip-hop and spoken word aesthetics). We have seen the success of hip-hop in this year's production of *Hamlet*. There are four new American Revolution commissions: The most recent artists commissioned for the Cycle are playwright and educator Kristoffer Diaz (co-commission with the Guthrie Theater), musical theater artist Michael Friedman, director/playwright Frank Galati (co-commission with Steppenwolf Theatre), and Quiara Alegría Hudes, author of plays, musicals, screenplays. Friedman, the composer of the off-Broadway hit *Bloody Bloody Andrew Jackson* will be creating an original musical for OSF; the Edgerton Foundation supports his commission.

Other Grants: The Festival has been invited by the Doris Duke Foundation to write a detailed proposal to build on our work of collaboration and innovation through technology. They want us to build on what we have achieved. Deborah Small, Director of Institutional Giving, is a very strong grant writer and continues to produce good results for the Festival.

Staffing: Rauch stated the Long Range Plan (LRP) expressed the importance of hiring a Voice and Text Director to build the acting company's skills. Scott Kaiser has been hired for that position; he has recruited David Carey and his wife, Rebecca Clark-Carey as our Resident Voice and Text Directors; Carey is one of England's top Voice and Text Directors and along with Clark-Carey, will have 26-week contracts, providing continuity in building acting skills and assisting with education programs.

Touring: Rauch stated it is a joy to be able to bring the Festival's productions to other theatres. *Throne of Blood* will be going to Brooklyn Academy of Music (BAM) in November; *Ghost Light* will travel to Berkeley Repertory Theatre next year. The Festival has received another invitation to tour China and one from Mexico for their Festival Latina. We are still working out the details, but our goal is to get our name and brand out into the world.

Other news: The casting process for the 2011 season is underway. Rauch is meeting with the Literary department to begin discussions of the 2012 play selections; next season will be Rauch's fifth year as Artistic Director. He stated it has been a wonderful experience to reach out to artists to work at the Festival. The "buzz" about OSF is growing across the country and it makes Rauch proud of the collective efforts the Festival can achieve in Southern Oregon.

2. Deeply Engaging with Our Audience, Students and Teachers (Goal 2): Attendance Capacity Update: Mallory Pierce, Director of Marketing and Communications, reported the Festival is having a very strong spring season with 95% capacity. Patrons are being turned away because of sold out shows. The production of *Cat on a Hot Tin Roof* was budgeted at 75% capacity because historically, American classics do not sell out; however, we are surprisingly happy with the sell out show. Pierce projected that the season would close at 91% capacity.

Outreach Programs: The 19.35 program has grown to over 4,000 patrons. This program is designed to reach audience members between the ages of 19 – 35, and all tickets are $19.35. We now have over 13,500 fans on Facebook and it continues to grow; Twitter followers are now up to 1,300.

Survey Results: The in-venue surveys are finished and the data is now being analyzed. The return rate was 85%, which also included surveys from children. The mail survey is set to start in the fall. Alan Brown, our Marketing Research Consultant, will be presenting at the March 2011 Board meeting.

Staffing: Our Archives department is finally getting the help it has needed. We have hired Maria DeWeerdt, as our Lead Archivist and she is doing a terrific job. We received a grant award from National Historical Publications and Records Commission (NHPRC), and the grant is titled "Archives-Basic Projects"; the amount was over $100,000 to begin the process of digitizing our records and hiring an additional staff person. We have not had time to catalogue the materials in the archives. This project is part of our LRP. We want to allow public access to our materials. Pierce offered to provide a guided tour of the archives to interested Board members.

Education Department Report: Joan Langley, Director of Education, reported on the following: Summer Seminar: The staff has been working on developing a sliding fee scale for Summer Seminar next year. Education Committee member, Kathryn Ma, has been working closely with staff to develop a fair system. We have determined that we have been undervaluing the Summer Seminar program. The new fee scale is more about flexible tuition, and it is designed so that the Festival does not lose money on this program. We want to change this budgeted program from revenue neutral to revenue positive. The cost of the program is really $2,500 per student. Currently, we ask them to pay $1,400. Langley stated they have severely under marketed the value of the program. There is housing, food, plays and workshops to consider; if we expand the tuition and have students pay closer to what it costs to run the program, our hope is to provide enough flexibility to offer assistance to those that cannot pay. Time will tell if the sliding scale will work, but the importance is that we raise the tuition while not scaring students away. Schools are moving away from the terms "scholarship" and "assistance" so middle and lower wage earners can feel more comfortable applying for financial aide. Ma stated she was concerned that the sliding fee scale would make additional work for the staff, but she realized that they are already assisting the students with financial aide. This will just make it more equitable. Langley will report on the outcome of this project in September.

Festival Noon Brochure: The Board received the 2010 Festival Noon Brochure; Langley stated something is being offered everyday. Those events listed in the brochure with asterisks are in honor of the 75th anniversary. Green Show performers will host four events. Prefaces begin soon and will be running throughout the summer. This program introduces the Shakespeare plays.

3. Making the Festival a Great Place to Work (Goal 3): Salary Increases: Rudd Johnson, Human Resource Committee Chair, reported that the Committee met to discuss salary raises for company members, but deferred the remainder of his comments until the financial report is given.

Worker's Compensation and Health Care: David Taylor, Director of Human Resources, reported on the status of Workers' Compensation and health care costs. The Human Resource Committee received a detailed presentation from Janice Tacconi, Safety Manager, on what is being done to keep injuries down. The number of claims has gone down and we are within our budget. There was a large health care claim this year and the stop loss carrier kicked in. Taylor reported that a new law has been enacted that allows adult children up to age 26 health care coverage from their parents insurance.

Diversity and Inclusion: Taylor stated our Diversity Consultant, Carmen Morgan had returned to continue with skills training and the sessions were well received. Participation in the diversity and inclusion meetings has increased. Morgan will return to the Festival in July.

Staffing Changes: Nicholson stated a great deal of thought has taken place about Thomas's vacant position as Development Director. His passing has had a significant impact on us; Nicholson will share his perspective during the Executive Session.

Leadership Team: For the benefit of the new Board members, Taylor stated that previously, the Administrative and Artistic staff were not in sink and needed to work more collaboratively. The senior staff participated in a retreat, meet every week rotating the format between unpacking

assumptions that they felt about one another and discussing tactical issues regarding the Festival. Taylor stated as the senior staff merges into a team, they are gaining a better understanding of one another.

Space Planning: Nicholson reported that at the March Board meeting, it was decided that a space planning assessment on the Festival's needs was required. We are not at the point to engage a company at this time, but the goal is to begin in September; staff needed to finish getting the other productions up and running first. Nicholson said we want to do a good job but needed to wait until we could commit the time to the consultant. A presentation will be made at the January 2011 Board meeting; the cost of hiring a consulting company will be in the range of $20,000 - $35,000. The Festival has been offered the opportunity of purchase additional property in Ashland which will be for sale in 2011; however due to the confidentiality of this issue, the minutes will not reflect the name or location of the property. This additional space would have an immense impact on the education programs. Nicholson desires to pay for this property out of the Festival's reserves. Mary Arnstad, Education Committee Chair, stated the Committee is very concerned about the lack of space and said it is hampering the education programs. Nicholson stated the plan is to have the Black Swan building demolished and build an education center, members' lounge, offices and rehearsal rooms. A new Production building is also needed; we have outgrown the current space and there are many safety concerns associated with the building. Nicholson estimated the cost break down for the space planning priorities as follows: new Production building $5 million; rehearsal center $2.5 million; Black Swan replacement $6 million; Bricks renovation $.8 million; elevators in the Angus Bowmer Theatre $.3 million; other conversions $1.5 million for a total of $6.1 million.

4. Being Thoughtful Stewards of Our Resources (Goal 4): Finance Report: Jerry Roos, Director of Finance and Administration, provided the financial report. He projected the latest estimate for earned income is $20,482,000; operating expenses $27,567,000; contributed income $7,335,000; giving us $249,000 in net addition to the reserves.

Overages in the Budget: Roos stated that expenses continue to rise in the Artistic and Production departments causing a huge over budget problem. The Artistic team is new and they did not realize all of the needed expenditures for the season. Roos acknowledged that staff needs to be more inclusive with one another so we can get information that is more accurate. To help the Board understand the difficulty in preparing a budget 14 months in advance, he reported that it has become more difficult to hire Non-Equity actors because they are graduating school with Equity cards. This is a new trend in the field. The Production staff has a difficult time determining so early, what a production will cost. An example of this is the production of *She Loves Me*, which was over budget in the scene design. It is difficult to create a budget for a show when the design team has not met yet. Nicholson had a conversation with Tom Knapp, Production Manager, regarding the overages for this production. His response was when a director or designer comes in and sees the Festival's resources; it is like a new big sandbox. The nature of designers is to design to 110% of the available resources. How do we support the creativity and remain in the budget. Nicholson stated we are all grappling with this issue. This is much different from our history; we have a remarkable record of staying within our resources. Susan Cain, Finance Committee chair, reported the Committee would be reviewing the overages more closely and asking questions, why and who is responsible for the overages and keeping the departments in line.

Salary Adjustments: Johnson provided the history of salary adjustments for company members. It has been several years since they received raises. They have been given "kickers" that were not added to their base salary, just a one time payment. The Human Resource Committee felt it was important to pay the company members the raise. That was the recommendation sent to the Finance Committee. Senior staff thought it was extremely important to announce it now before company members went off contract for the season, so a notice went out last Friday. The salary increase was also retroactive from November 1, 2009. The Finance Committee approved the additional expense of $156,000 to provide a 3% increase. For clarification, the Board asked what authority the Finance Committee has in approving additional expenditures; also, what authority does the staff have in going over budget. Cain stated the Finance Committee felt confident in the

decision because they are aware of the bottom line and we would end the season in a positive number. We have agreed to a balanced budget and as long as we stay there, the Finance Committee can make the decisions. Board member Peter Koehler, Jr., stated he felt it is the Executive Committee's authority to make decisions and Nicholson and Rauch's authority to make discretionary decisions. This should not be left up to committees to decide, with only the exception of the Executive Committee. After much discussion, the Board agreed to have the Governance Committee review the Bylaws and make certain they are clear on the allocation of budgetary authority.

Motion by Ray Bacchetti and second by George Bell to ratify the decision to increase the salary adjustment to 3% and the Governance Committee will review the budget decisions authority. Passed unanimously. Jim Risser abstained from the vote because his family would benefit from his vote.

990 Form: Cain reported that the 990 form has been signed and will be filed on June 15th. The Conflict of Interest form will be signed every year in March. The 990 form is much more complex than previous years. It will be posted on the website when completed.

Development Activities: Pierce reported that the Development Committee is in a state of suspension because of Thomas's absence. Pierce and Committee chair, Koehler, remain in touch and the work is remaining at the staff level. We have reached 60% of our goal; the membership programs are just getting started and overall membership is running at 6% above last year at this time. It is too soon to predict how the numbers will look overall. Rauch had an early start on the Artistic Director Circle campaign; he has been out there making phone calls and meeting members; many of them have renewed. To date, we have a quarter of a million pledged so far. The membership tour to BAM for the *Throne of Blood* is sold out with 40 participants; this is very exciting.

Grant Updates: Nicholson reported on the grants the Festival has been awarded in the amounts of $20,000 and higher. Government grants total award is $399,435 with $252,600 being designated for 2010. In the foundations category, the Festival was awarded a total of $2,065,000 with $890,705 designated for 2010. Corporation grant awards total $555,000 with $280,000 designated for 2010.

H. Governance Report: Ray Bacchetti provided the report for Secretary, Karen Allan in her absence. Bacchetti stated that the summer and autumn is the time when the Governance Committee begins the search for new Board candidates. The Board was encouraged to think about either potential candidates ready to serve now or those for future vacancies. Candidate name, contact information, biography and résumé should be sent to Allan and Nicholson. Once a candidate is nominated, they remain on the list of potential Board members. If they are not selected for a specific term, they continue to remain on the list. Bacchetti provided the results of the exit interviews with retiring and renewing Board members. Most felt is was an honor to be on the Board; it was an enjoyable experience; the relationship with the Artistic Director and Executive Director are very satisfying; learning about theatre issues was very good; education received high marks; committee service is important to Board members, especially in areas of their expertise (and tee Festival could make even better use of that expertise); smaller agendas are preferred at Board meetings; topics at the retreat and beneficial because they invite the Board to reflect on significant issues with long-term implications; keep working towards the Festival's diversity and inclusion goals.

I. Forum for Non-Agenda Items: City Issues: Nicholson reported that the Festival was cited by the City of Ashland for inadvertently dumping paint down the storm drain. As it turns out, someone from the community used our trash container to throw out their paint cans; when we went to dump the trash into the truck for a run to the dump, the paint spilled out and ran through the slats in the bed of the truck. A company member hosed off the truck and that is when the paint ran into the storm drain. We take full responsibility for this incident and look forward to resolving it with the City soon.

Open Caption Issue: An organization called Oregon Communication Access Project (OR-CAP), and the organization represented in Washington, have become militant in getting more support for people that are hard of hearing; not people that are deaf. The solution they are seeking is to have open caption on demand for every performance. We will have open caption for eleven productions

this year and plan to expand to 20 productions for 2011. We are expanding our services, but they are not happy with us. We are the only theatre that has dialogued with them. Philosophically, we do not disagree with this group; patrons stop going to the theatre when they cannot hear. However, this is a live interaction; words are displayed verbatim. We want to provide more access; but they are not happy with our speed and ability to provide what they want. Nicholson will continue to dialogue with this organization and will keep the Board informed.

J. Executive Session: Staff members were excused from this portion of the Board meeting. This portion of the minutes will be provided in a separate document because of the confidentiality of the issues discussed.

The meeting adjourned at 4:00 p.m.

Respectfully submitted,

Karen Allan and Ray Bacchetti
Secretary and Secretary at Large