OREGON SHAKESPEARE FESTIVAL BOARD MEETING MINUTES September 10, 2010

PRESENT:

Board: Karen Allan, Mary Arnstad, Ray Bacchetti, George Bell, Rick Bleiweiss, Susan Cain, Kevin Cartwright, Yogen Dalal, Julie Dixon, Mary Driver, Brad Edgerton, Bertie Bialek Elliott, Louise Gund, Paul Hill, Peter Koehler, Jr., Rudd Johnson, Kathryn Ma, Ed McCurtain, Penny Percy, Fred Rehmus, Jim Risser, Danny Santos, Maria Underwood, Roy Vinyard, Brenda Williams.

Trustees: Chuck Butler, Bill Nichols, Robert Porter, Dan Thorndike.

<u>Staff</u>: Christopher Acebo, Kimberley Barry, Linda Fern, Joan Langley, Paul Nicholson, Jacob Padrón, Mallory Pierce, Bill Rauch, David Taylor, Jerry Roos, Bruce Wand.

Guests: Carryl Breon - Tudor Guild Liaison, Betty Van Trump - Tudor Guild President.

ABSENT:

Board: Mort Friedkin, Paul Hill, Ken Hitz, Lee Pelton.

Trustees: 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 Susan Cain, second by George Bell to approve the minutes of the June 11, 2010 meeting as corrected. Passed unanimously.

Motion by Kevin Cartwright, second by Mary Arnstad to approve the minutes of the June 11, 2010 Executive Session as distributed. Passed unanimously.

Risser reported that the 75th anniversary season continues to be a great success. We have opened two world premieres to great acclaim. On August 23, the annual Daedalus Project was held. This program is to raise money to provide support to those living with HIV/AIDS. The variety show and the Arts and Treasures Sale, all put on by company members, raised over \$60,000. Some of the artwork is still for sale and is located in the back of the room and there is a handout in the Board packet outlining other offers/events available for purchase. The Costume Rental sale in August brought hundreds of people to the warehouse and produced much welcome revenue of over \$20,000. We have begun the search for the new Director of Development; Board members are encouraged to send Paul Nicholson, Executive Director, names of possible candidates. The June Executive Session dealt with two issues that are confidential and if Board members want to discuss those further, we can schedule a short Executive Session at the end of today's meeting. Members were asked to speak with Risser at the break, if interested.

C. Tudor Guild Report: Carryl Breon, Tudor Guild Liaison, gave her report, which stated this was her last meeting. She thanked the Board and staff for the warm welcome she has received. Betty Van Trump, President of the Tudor Guild, will be attending the Board meetings for the next year in her role of out-going President. Van Trump reported that she came to Ashland to retire because of the Festival. One of the issues the Tudor Guild has grappled with is to define what the shop is. It is the gift shop for OSF; here to give people the opportunity to buy merchandize that would remind them of their visit to OSF. Staff and volunteers have tried to get rid of the materials that are not related to OSF and have begun to sell art created by company members. They have new signs on Main Street showing we have a theatre gift shop. Since there is limited visibility from Main Street, are

getting more involved with the community, such as participating in the sidewalk sales and first Friday Art Walk. The Guild has accrued 13,000 volunteer hours this season. As a requirement, all Guild volunteers are members of OSF and give at least 60 hours per season. There are members who have been with the Guild for more than 50 years and still work the floor. Van Trump presented Nicholson with a check for \$85,000, an increase of \$5,000 over what had been planned. Van Trump announced that their goal for next year is to reach least \$100,000 as the pledge for the Festival.

- D. Endowment Trustees Report: Bill Nichols, President of the Endowment Fund, reported that at the end of July the assets in the Endowment Fund have risen to \$26 million. Investment performance for the 12 months ended July 31, 2010 was positive (11.7% compared to the benchmark return of 9.6%) although the 3-year performance continues to lag the benchmark. The Trustees, mindful of lowered expected investment returns going forward, have concern about maintaining the present pattern of payout to the Festival of 5% of a 36-month moving average of Endowment assets and anticipate modest reductions starting in fiscal year 2012.
- Issues from the Field: Nicholson commented on the results of a recent survey of financial advisors that reported almost 90% surveyed said they expected income taxes will go up and believe clients will increase their charitable giving because of the tax hikes; they expect about half of their clients will maintain their current level of giving. The Theatre Communications Group (TCG) Conference was held in Chicago in June where a lively discussion took place about theatre today; Nicholson stated it was one of the better conferences. TCG brings experts from outside our field to speak at the conference. The author of the book titled "How We Think" spoke, discussing the value of diversity in encouraging creativity. Corporations are now hiring diversity consultants and businesses are increasingly making the case that business will be better with more diversity within the company. Nicholson said he has been doing consulting in Kansas with the William Inge Festival Board. Mallory Pierce, Director of Marketing and Communications, noted at the recent Tessitura Conference and LED Conference, much discussion about upcoming changes in the Americans with Disabilities Act (ADA) that will affect OSF; wheelchair seats need to be available for purchase on the website. The big issue is how theatres will know that the people ordering the wheelchair seating really need it. Technology has not caught up with this issue. Bill Rauch, Artistic Director, received the Visionary Leadership Award at the TCG Conference. Rudd Johnson, Vice President, said the conference was an incredible learning experience for him. He is extremely proud of OSF in what we do and how we operate. Ray Bacchetti shared that TheatreWorks produced a new work by Bill Cain a stage reading of "A New Book of the Bible". He suggested that we keep an eye out for that play. Mary Arnstad said expansion is occurring in this economy and in the city of Talent; construction of the new Camelot Theatre is underway which is very exciting.
- **F.** Artistic Presentation: Richard Montoya and Herbert Siguenza, two members from Culture Clash, talked about their experience working at the Festival. The creation of *American Night* was written with the OSF acting company in mind. It was, at times, a very difficult journey because the script kept evolving as new current events occurred, such as the law passed in Arizona regarding immigration status. The Board was given an opportunity to ask questions and give feedback.

G. Strategic Issues:

1. Striving for Artistic Excellence (Goal 1): Rauch stated he experienced a joyful summertime and feels he has reached a certain milestone as he is ending his third full season. Claudia Alick, Producer – Community, is at a conference in Spain checking out potential new performers for the Green Show. Ashland High School is holding a benefit reading of Rosencrantz is Dead, which is being directed by David Kelly to raise money for the drama department and the Ashland Schools Foundation; Rauch encouraged local Board members to attend and mentioned that tickets are available at Paddington Station. The three outdoor shows opened in June and he noted that he would talk more about all the shows tomorrow at the retreat. American Night is open now – it was a wild ride; Rauch is extremely proud of the work and it is sold out through closing, which is amazing for a new work. Throne of Blood will move to the Brooklyn Academy of Music (BAM) in early November. Rauch thanked Nicholson and stated it would not have been possible to do the production if not for Nicholson's connection with his colleagues in Japan and

his ability to negotiate with them for the rights. Kurosawa's first assistant, Mr. Kumada, came to the Festival to see the play on opening night and was very moved by the production.

<u>Casting for 2011 Season</u>: Rauch stated this was the most stressful part of his job. It takes four other people to assist with this process - Christopher Acebo, Jacob Padron, Scott Kaiser and Joy Dickinson. He noted that there was quite a morale dip last year because there were so many changes in the acting company; he does not expect similar reaction next year, in part because there will be far fewer changes and also because the acting company has realized now that actors are not in for life or out for life. Actors are coming to actors' meetings even if they are not coming back next year, because they still feel engaged at the Festival.

<u>Challenges:</u> One of the great challenges in 2010 has been the physical size of the sets; difficult for those that build them and for Stage Ops who do the changeovers. We are working hard to make sure the sets are bold, but work within the repertory. Rauch noted that the initial design for *Measure for Measure* was huge and he had to tell the designer to go back to the drawing board; it is now a much more moderate set. In the same spirit in learning from mistakes, Tom Knapp, Production Manager, Nicholson and Rauch are trying to find creative ways to relieve stress among the Production staff and we have decided to rent a warehouse that will ensure an improvement in the scenic painting process. This will improve the quality of the work and morale among company members. The planning for the production of *Willful* is moving ahead. It will not be business as usual; even the budgeting discussion on cost and projected revenues has been a fascinating process. Rauch stated that one of the lessons we have learned is that we need to strengthen company management; we need to raise the bar in how we treat acting company members and the increasing number of guest artists.

Tours and Transfers of Our Productions: Rauch stated we are heading to a robust fall in terms of the number of people that want our work. Ghost Light, which was supported by a grant from the Edgerton Foundation, will have a full run at Berkeley Repertory Theatre in January 2012. Our production of Equivocation has been invited to Arena Stage in Washington D.C. in fall 2011. We received a formal invitation from La Jolla Playhouse for a transfer of *American Night* in January 2012. Other theatres have also called us about possible tours or transfers. The Cervantino Festival in Mexico has invited us to participate this coming year. There is so much happening on the touring front that we need to make sure we do not compromise our work here when we are doing work elsewhere and Rauch said he is keeping a close eye on that issue. He wants our shows to have a longer life and go out into the world. There is a very good chance we could take other works to BAM in the future. Rauch reported that we have finalized negotiations with Blackstone Audio to create a CD of this year's production of Hamlet. We are working to get it recorded before the end of the season. Lue Douthit, Director of Literary Development and Dramaturgy, Rauch and Nicholson are working on a proposal to host the World Shakespeare Congress in Ashland in 2016. There are many hurdles to accomplish this, but it is an exciting prospect. Rauch stated it is his personal goal to get our Shakespeare work out into the world.

<u>Season Selection:</u> The Boarshead process is underway for the 2012 season. We select the plays through a process that allows company members the opportunity to give Rauch input. There are 45 company members involved, who meet monthly. Douthit is using the Black Swan Lab in the Boarshead process – she is having the actors do a reading of the scripts in contention for the next season and invites Boarshead members to listen to the readings.

New Play Development: Douthit stated that several American Revolution commissioned plays have been worked on in the Black Swan Lab. We are experiencing great energy and are working together in a richer way with more people entering the process. There are no public performances of the Black Swan Lab, which gives the actors much relief. This is business as usual, the way the Festival's new work is done now. The lab has helped to improve the level of

preparation before first rehearsal. *WillFul* will be community based, the boundaries are being erased – this is what is happening in theatre today.

2. Making the Festival a Great Place to Work (Goal 3): Rudd Johnson, Chair of the Human Resources Committee, reported that the Board will be asked to approve a 2% increase for salaries and 1% additional for merit raises during the presentation of the budget. David Taylor, Director of Human Resources, referred to the handout in the Board's packet, taken from the Great Places to Work model; five points that are important – credibility, respect, fairness, pride and camaraderie. Taylor said when the workplace has financial success; we need to review where to focus more attention. The leadership team has been looking at this issue and planned to meet with the company to listen to their thoughts regarding the Festival's work environment. Health care costs are immediately impacted by the claims we receive because we are selfinsured. The new health care reform goes into effect next year; we will have to cover adult children of employees to age 26; co-pays will not be required for preventative tests and procedures. We have a safety manager, who works with all departments to help them develop safe work habits. The question was asked if the company members are feeling supported or are they over-stressed. Rauch stated he and Nicholson have listened to a wide range of company members and have built the budget to allow for more staffing and better equipment – these should help alleviate stress. George Bell asked if we are listening to keep people motivated as well; do they have the dream too and are they too stressed to commit? Rauch replied that he believes people get involved in a deep way and see that this is a very special organization, but there is still work to do in this area. Johnson recommended doing a baseline data study to see how we relate to our employees. He wants to know if we are making a measurement of improvement in the areas that make us a great place to work.

<u>Staffing Changes:</u> Nicholson reported that the search for a new Director of Development is underway; we are advertising in 40 websites and some print media. The Board has provided Nicholson with suggested candidates' names and so has Rauch. The Audience Diversity Affinity Group has helped to contact 35 different diversity job sites. Currently we have 40 applications. The Board suggested contacting the foundations that have dealt with the Festival, and ask them what Directors of Development they like and whether they could recommend anyone.

<u>Space Planning:</u> Nicholson reported that tomorrow the Board would be given a tour of the Production building and hear reports from company members regarding the space challenges they face. The goal is to look at some of the spaces and view them in a very practical way.

3. Being Thoughtful Stewards of Our Resources (Goal 4): Peter Koehler, Jr., Chair of the Development Committee reported that he is asking each of the Board members for their membership renewal and to support the Bowmer Society, which funds OSF's Education programs. He asked the Board to give generously; the commitment around this table is the starting point. All the work that others do in this organization ought to be rewarded by our generous response to that work. Pierce said Development has had a tremendous year; we have exceeded this year's goal. The Artistic Director Circle campaign is off to a good start. Rauch is a very accomplished fundraiser; he makes close to 35 phone calls and this is not typical of Artistic Directors. Rauch's work in this area is a testament to his commitment to this organization. The campaign is going very well with 27 members to date.

<u>Institutional Giving:</u> Nicholson stated that we are pleased with the way the budget has come together. One of the components that makes an enormous difference is the Development department, and in particular, Deb Small, Director of Institutional Giving. She does not create these grant requests in isolation; she is very collaborative and works with many departments; this is not typical at other organizations. Pierce said the staff has done an amazing job of maintaining the department in Peter Thomas's absence. The Board praised Pierce for holding

the Development department together as well as the Marketing and Communications department; with her love for Peter, with such a light touch, she is doing an extraordinary job.

<u>2011 Budget:</u> Susan Cain, Committee Chair of the Finance Committee, stated the new budget would be presented in three sections. Nicholson shared that, at Pierce's suggestion, we began the budgeting process much earlier this year, involving the leadership team all through the process to ensure everyone was on the same page. As the leadership team dug deeper, it was truly a transformational change to the approach to budgeting, with key decisions being made collectively by the leadership team. Nicholson and Rauch reviewed the top issues of importance in developing the 2011 budget:

- 1) Slowing the growth in the artistic budget the acting company will not be more expensive than in 2010.
- 2) Being thoughtful and prudent about providing raises, with a 2% increase in the budget and a 1% tier two raise that would be implemented if revenues exceed costs.
- 3) Meeting the pent up demand for capital expenditures. The budget provides significantly more for capital purchases than it has in the last two years, but it still represents only half of what people requested.
- 4) Beginning several new initiatives supported by grants that did not affect our reserves.
- 5) Increasing the growth of our Education programs.
- 6) Implementing the Archive initiative to recognize that our archive is a jewel.
- 7) Beginning the redesign of our website, which is now five years old, and needs to move into the next generation.
- 8) Continuing to take the kind of creative risks our audience has come to expect, supported by the Artistic Opportunity Fund (AOF).
- 9) Keeping expense growth under control, despite pent-up demand to push up the budget.

Roos reported on the 2010 budget results compared to budget. The latest estimate shows earned income of \$21,146,000 – 6.9% above budget; total expenses of \$27,460,000 which are over budget by 2.5% Contributed income at \$7,206,000 is over budget by 2.9%. The result is a \$892,000 net addition to reserves. Roos reported that the new budget would be 3.7% higher than 2010 actuals for normal expenses; we are adding back positions that were cut in recent years because of the downturn in the economy. We plan to bring back three positions in ITS, three in the Physical Plant, one in Education, two in Box Office, one media person for web support, one in the Costume Shop, one scenic artist, one lighting technician and one sound technician. The productions of Pirates of Penzance and Measure for Measure will have musicians. Three new positions will be added, one for American Revolutions and two new Voice and Text directors. Roos reviewed the new ticket prices for the 2011 season and noted that we will have the same seating configuration for next year. The Endowment payout will be lower because the 37-month average is down as a result of the economy. We are budgeting at 87% of capacity. The Board asked whether raising ticket prices faster than inflation is a concern. Pierce stated we have been priced so low for so long that we still have room to grow. Dynamic pricing, which is based on demand, is becoming the norm in the industry; we still have room for higher ticket prices. Roos reported that contributed income would increase by 4.3% or \$308,000. In 2011 we will use the AOF to pay for the musicians, voice and text directors, a sound operator, equipment and modifications, quest choreographers, three guest assistant directors, FAIR program increases, company development, new costume props supervisor, new scenic artist, new master electrician, additional company management and WillFul production support. Nicholson acknowledged that costs have been built into the base with the added positions. Cain stated the 2011 budget is balanced and it adequately funds the season; it is based on reasonable assumptions and is backed by OSF Reserves. Staff will monitor, review, and adjust assumptions. Cain commented that Nicholson is conservative and has more than 30 years experience in OSF budgeting. The Finance Committee feels confident with his projections, and will monitor the

budget each month. After discussion, Fred Rehmus moved, with a second by Ray Bacchetti, that the Board approve the 2011 budget as presented.

The motion passed unanimously. Risser thanked Nicholson, Cain, Roos and Rauch for their hard effort in putting this budget together: Nicholson thanked the Board for asking the hard questions.

4. Deeply Engaging with Our Audience, Students, and Teachers (Goal 2): Pierce reported that attendance for the season is running at 94%. Group ticket sales are ahead of last year at this time with 24,000 tickets sold. The Board viewed four photographic images for the 2011 season brochure; the final product will be completed in October. CultureFest was a success again this year. The Audience Development team organized multiple culturally diverse programs for the community. The biggest hit was the return of the Taco Truck. Presale for 2011 tickets begins November 5th.

Education Department: Joan Langley, Director of Education, introduced Sarah Langan, In Residence Programs Manager, to provide an update on education activities. Langan shared they have finished their Wake Up with Shakespeare classes that included 20 participants in the first session, 17 in the second and 37 participants in the last session. The classes were successful and the participants were excited about changes for next year.

Festival Noon Series has increased the number of participants because of the expansion of the summer lecture series two years ago. We have decided to change the start time and the number of classes for Prefaces for next year - 5:30pm instead of 6:30pm. We want to allow time for patrons to get dinner and not interfere with the Green Show Programs. These classes are only a half hour. Joan Langley passed out the new Summer Pleasures brochure created by Craig Stewart, our graphic designer.

The Summer Seminar for High School Juniors was again very successful this year. Langley passed around a photo album of pictures taken during the seminar by one of the participants. This year we increased the amount of scholarship support for attendees. Risser said he attended the Swan Song and encouraged the local Board members to attend in the future; it is inspiring to see how these students progressed in just two weeks. The Bowmer Project had 81 students taking advantage of the Pass +1. Out of that group, 271 of those tickets were to Shakespeare plays. This program is to inspire theater going in students.

The School Visit Program and Partnership Program are gearing up for 138 days of tour; 37 of the schools are in the partnership program; 100 schools requested visits in November – December and the others requested the January – February schedule. The schedule was distributed and Board members were encouraged to attend a presentation at one of their local schools.

Langley stated the Education department was over budget this year because of the space rental. She also thanked Linda Fern, Executive Assistant, for adding education programming in the Board order forms.

- H. Ten Chimneys Presentation: Sean Malone, President of the Ten Chimneys Foundation, announced that one of the ten 2010 Lunt-Fontanne Fellows was actor Dan Donahue, representing OSF as one of the nation's premier regional theatres. Donahue participated in a weeklong master class and immersion experience at Ten Chimneys last summer led by Master Teacher Lynn Redgrave. Malone showed the DVD of Donahue talking about his experience at Ten Chimneys.
- **I. Governance Issues:** Karen Allan, Board Secretary, reported that Bell and Bacchetti would be retiring from the Board in March 2011. Risser's term will also expire, but as Board President, he will remain for one more year as a 33rd member. As of now, the Committee is looking for three new

candidates. Board members were encouraged to contact Allan or Nicholson with names and resumes to add to our recruitment list. We will be losing Board members from the Portland, Ashland and Palo Alto areas.

J. **75**th **Anniversary**: Nicholson reported that the 75th Celebration that was held in July and was a very long, but memorable evening. As part of the anniversary celebration, Nicholson was the grand marshal for the Ashland Fourth of July Parade. Company members participated in the parade by carrying signs for each year the Festival has been open, listing the playbill for that year. The Ashland Chamber of Commerce honored Bill Patton at its annual dinner and it was a very moving event.

The meeting adjourned at 4:30 p.m.

Respectfully submitted,

Karen Allan Secretary