Oregon Shakespeare Festival Board of Directors September 14, 2012

PRESENT:

Board: Karen Allan, Rick Bleiweiss, Sid DeBoer, Julie Dixon, Mary Driver, Tony Drummond, Brad Edgerton, Laurie Gibbs, David Glen, Harold Goldstein, Mort Friedkin, Louise Gund, Pam Hammond, Ken Hitz, Heather Johnson, Rudd Johnson, Peter Koehler, Jr., Cynthia Lawrence, Gail Lopes, Kathryn Ma, Ed McCurtain, Penny Percy, Fred Rehmus, Danny Santos, Jane Shaw, Perry Simon, Jerry Taylor.

<u>Trustees:</u> Chuck Butler, Bill Meehan, Bill Nichols, Robert Porter, Dan Thorndike.

<u>Staff:</u> Christopher Acebo, Lue Douthit, Linda Fern, Joan Langley, Paul Nicholson, Mallory Pierce, Bill Rauch, Jerry Roos, Becky Ross, David Taylor.

<u>Guests:</u> Pat Brao -Tudor Guild Liaison, Susan Cain - Finance Committee Chair, Teresa Eyring – TCG Executive Director, Pam Parker - Tudor Guild President, Cynthia Rider – Incoming Executive Director.

ABSENT:

Board: Kevin Cartwright, Yogen Dalal, Paul Hill, Maria Underwood.

<u>Trustees:</u> Kelly Meldrum.

- **A. Welcome:** President Rudd Johnson facilitated the meeting, called the meeting to order and declared a quorum was present.
- **B. President's Report**: Johnson asked if there were any additions or corrections to the minutes of the last meeting of June 15, 2012.

Motion by Jerry Taylor, second by Rick Bleiweiss, to approve the minutes of the June 15, 2012 meeting as distributed. Passed unanimously.

Johnson asked if there were any additions or corrections to the minutes of the special Board meeting held on August 9, 2012.

Motion by Fred Rehmus, second by Sid DeBoer, to approve the minutes of the special meeting of August 9, 2012 as distributed. Passed unanimously.

Johnson welcomed Cynthia Rider, incoming OSF Executive Director, and Teresa Eyring, Executive Director of Theatre Communications Group (TCG). Johnson noted it is a very bittersweet day as we recognize this is Executive Director Paul Nicholson's last Board meeting as he retires at the end of December. Johnson expressed the Board's deep appreciation for Nicholson's partnership with the Board and his years of service and dedication to the Oregon Shakespeare Festival. Johnson noted that there would be more opportunities to recognize and thank Nicholson throughout the weekend.

C. Tudor Guild Report: Pat Brao, Tudor Guild Liaison, introduced Pam Parker, Tudor Guild President. Parker reported that the Guild has donated to OSF over \$5 million through the past 60 years. The volunteers have a common love of theatre and OSF. The Tudor Guild Shop has demonstrated resiliency in changing to meet market trends. Parker noted the "Power of the Apron" -- referring to the black aprons all Tudor Guild volunteers wear -- and presented an apron to Nicholson in recognition of his support for the Tudor Guild. Parker also presented the Festival with a check for \$75,000, with the hope of providing \$100,000 for next season. Nicholson thanked the Guild for its contribution and noted the strong relationship between the Festival and the Tudor Guild.

- **D. Endowment Trustee Report:** Bill Nichols, Endowment President, reported net assets of the Endowment were \$28.9 million at August 31, 2012, up from \$27.2 million as reported at May 31, 2012. Performance for the calendar year to date ended August 31, 2012 was up 6.6% compared to benchmark of 5.8%; the rolling 12 months then ended still lags the benchmark. We continue to outperform modestly for the three and five-year periods ended August 31, 2012. The Trustees meet late this afternoon to discuss specific investment strategies.
- E. Issues from the Field: Nicholson shared a report from the Nonprofit Quarterly about the Baby Boomers role in the greatest intergenerational transfer of wealth in US history. They are decreasing the amount of money they give to their children and increasing contributions to charities. Rauch shared that the largest African-American theatre in the country, the Penumbra Theatre Company, had to cancel its season because of financial difficulties. This is troubling in terms of diversity and inclusion for the theatre community. The Penumbra founder and Artistic Director, Lou Bellamy, will be directing *Two Trains Running* for OSF next season. Board member Ed McCurtain, shared that the New York Times reported that OSF's *The White Snake* is going to Berkeley Repertory Theatre in the fall.
- **F. Rehearsal Hall Update.** Board member Louise Gund thanked everyone for stepping up to meet her challenge gift designated for the new Rehearsal Center. The goal is to complete the gift challenge by early November. As Gund and Rauch continue to contact Board members about their gifts, this challenge will help the Festival move ahead financially. Nicholson reported the purchase of the land for the new Production Building. Staff is meeting with the architect and Talent City planning staff. We are on track to begin building in January 2013, with a move-in target date of August 2013.
- **G. Artistic Presentation:** Lue Douthit, Director of Literary Development and Dramaturgy, and Sarah Rasmussen, Resident Director, gave a presentation on the Black Swan Lab program (as assisted by Lydia Garcia, Literary Associate). An introductory video was shown, which provided comments from actors and playwrights on their roles in the Lab. The program introduces new playwrights to OSF and provides workshops for our commissioned work. The Lab is akin to research and development work. It gives the playwrights an opportunity to "lift the play off the page and give it air," allowing them to see what the piece is about in action. Actors are selected for the Black Swan Lab as part of the casting process and the assignment has become increasingly popular among Company members. Three of this season's productions were work shopped in the Lab: Party People, All The Way, and Medea/Macbeth/Cinderella. The Lab meets the last 3-4 months of the season and projects are for 2-3 years down the line. Since its inception four years ago, approximately 40 actors have worked with 30 playwrights on 60 plays.
- H. Governance Issues: Gail Lopes, Chair of the Governance Committee, reported on recruiting for the slate of new Board members. Over the next four months, the Committee will be working with Nicholson and Rider to present a slate of directors for discussion at the January Board meeting. Lopes encouraged members to send names of potential candidates to her or Nicholson as their input is an important part of the process. Term Limits: The Committee is recommending a plan that would retain the existing 32 Board positions, and create up to five extended-term positions to enable directors to serve an additional one or two years beyond the time that they would otherwise be termed off the Board, if they are actively involved with projects making unusual contributions to OSF. These extended terms are for one year, with the option of serving two terms. After service in an extended-term position, the director would be eligible to return to the Board for one or two four-year terms, although they would be required to leave the Board at the end of any second term.

<u>Bylaws:</u> The current Bylaws would be amended to provide for a "range" in the number of Board positions, which practice is authorized by the Oregon Nonprofit Corporation Law. Thus, the Bylaws would provide that

OSF have 32 positions with terms of four years and up to an additional five positions with terms of one year. The Board would authorize the number and nature of the additional five positions in an attendant Board policy. This structure provides flexibility in determining how best to use these new positions, without needing to amend the Bylaws repeatedly over the next few years as we evolve this concept. The Bylaws are also proposed to be amended to update certain provisions in light of current law and practice.

Policy on Board of Directors and Leadership Volunteers: Structures and Responsibilities:

This is a new policy, which can be augmented over time as the Board codifies operational policies. The policy sets the new range of Board positions at between 32 and 36, by authorizing four extended-term positions, none of which need be filled at any given time. This reflects the consensus of the Board in June that three positions be created for directors making contributions of "unusual value," plus one additional position for potential use by an immediate past president. The policy sets forth criteria that will help us decide how to fill these positions. The policy also outlines the election process.

Motion by Sid DeBoer and second by Peter Koehler, Jr., to approve the Restated Bylaws of the Oregon Shakespeare Festival Association (as amended at the meeting) and adoption of the Policy entitled Board of Directors and Leadership Volunteers: Structures and Responsibilities. Passed unanimously.

The Board praised Lopes for her diligence and efforts on Board governance issues. Lopes plans on organizing a larger discussion on Board diversity in the future.

Presentation by Teresa Eyring, Executive Director, Theatre Communications Group (TCG): Eyring thanked the Board for the warm welcome and congratulated Rider on her new position. Eyring thanked Nicholson for his support over the years as a TCG Board member and colleague. TCG is based in New York and just celebrated its 50th anniversary last year. This organization's role is to facilitate ideas and best practices among its 500-plus membership theatres. TCG publishes the American Theatre Magazine. Eyring noted that Nicholson found his first OSF position in the TCG publication of ArtsSearch, while he was still living in New Zealand. TCG is also a grant maker building leadership in the field and advocating at the federal level. The organization focuses on the National Endowment for the Arts (NEA), arts education, tax laws, and federal issues. It seeks to connect professionals in the field, promoting an understanding of what we have in common and where we differ. Eyring stated that TCG just completed its strategic planning, which shifted the focus towards people: diversity and inclusion, and audience development and engagement. TCG is providing more resources for theatres and working to build a strong theatre infrastructure. Eyring said the goal is to make a better world for theatre and make a better world because of theatre. **Discussions:** How is OSF viewed by other theatres? Eyring stated that OSF is viewed as a leader and an organization that draws attention for how we approach so many aspects of our operations. She commented that there is humility in our process that makes others want to learn from what we are doing. OSF exemplifies diversity in its art and operations. Medea/Macbeth/Cinderella is experimental, Animal Crackers is a crowd pleaser, but All The Way is the play everyone should see for its lessons of history that reveal truths for today. OSF has identified needs in our field like diversity, and we act upon that. Staff from OSF presented Creating Allies Against Racism at the TCG conference last June, and people are still talking about it. The important issues, which OSF faces, are projected out into the field. Last, Eyring noted the Festival's strong financial profile, including OSF financial priorities, compensation of artists, and our working capital position. Eyring congratulated the Festival for being a major leader that is respected and adored. What should the Board be aware of over the next 4-5 years: In all likelihood, government funding for the arts will continue to decline regardless of who wins the Presidential election, and the theatre community must be vigilant in terms of advocacy. Similarly, arts education in many schools is declining, and theatre leaders must advocate to keep arts in the schools. Last, our demographics are shifting to a younger population. Theater Boards need to focus on how to expose younger audiences to theatre and make it

relevant to them.

<u>Digital work:</u> Richard Stucker creates digital recordings for archival purposes for OSF. The US theatre community is continuing to look at how to develop digital recording and distribution of US theatre performances.

J. Strategic Issues:

- 1. Striving for Artistic Excellence: Rauch reported he would be directing Body of an American at Portland Center Stage. This will be the first time in three years that he has directed outside of OSF. It is good to build relationships with other theaters, playwrights and actors. American Night was nominated for four Ovation awards, and awards will be presented in November. We have enjoyed visits from many arts leaders over the summer, including the NEA's Director of Theater and Musical Theater Ralph Remington, Artistic Director Oskar Eustis from the Public Theatre and Arena Stage Artistic Director Molly Smith. Students from Iraq were here in June, and for Rauch, it was one of the most inspiring weekends at OSF, with the closing of The White Snake, the opening of Party People, and the Iraqi students performing on the Green Show Stage. We provided tickets for the students to see Troilus and Cressida, which generated great dialogue. The White Snake goes to Berkeley Repertory Theatre in November, and we have been asked to tour the show in China at the end of 2013. We are hoping that Party People and All The Way will have a long life beyond OSF. The OSF-commissioned play The Liquid Plain has won the Horton Foote Award, and will be transferring to Baltimore's CenterStage after we produce it next season. Our Collaborate Work Spirit project, facilitated by Susan Edsall, has been working with production, artistic and administration staff to enhance workflow, systems and communications. Good things are happening because of the work. Rauch also announced that Tom Knapp, Production Manager, is resigning after over 30 years of service to OSF. Rauch expressed the Festival's appreciation of Knapp's long-time commitment. OSF will do a full search for a restructured position and Knapp is assisting with transition.
- 2. <u>Being Thoughtful Stewards of Our Resources:</u> Rauch and Nicholson reviewed the 2012 budget against projected year-end actuals. Nicholson and Jerry Roos, Director of Finance and Administration, presented the 2013 budget to the Board. We are anticipating a strong 2013 season and projecting increased attendance. Further changes to this budget include a new ticket pricing format, no weekend differential (in order to create more uniformity in pricing) and the elimination of A+ seat pricing in the Thomas Theatre. We will continue with Flex Passes, Web-Specials and Rush Tickets to retain options for locals. Members will get 40% off during spring and fall. Rauch emphasized the importance of the Artistic Opportunities Fund (AOF), which enables us to produce extraordinary work on the stage that would otherwise not be possible. Nicholson pointed to the redesign and launch of the website as a major factor in meeting next year's ticket goals. Susan Cain, Finance Committee Chair, reported on the budget process and the Committee's work. The Committee concluded that the proposed budget is reasonable and is recommending that the Board adopt the budget as presented. She stated that the Committee's work over the next three months would include: clarification of the use of the AOF, consideration of multi-year budgeting, review of capital projects and funding the Collaborative Spirit work. Roos added that OSF Reserves have been replenished following the beam crisis, and that some funds may be used to help fund the new Production Building.

Motion by Harold Goldstein and second by Danny Santos to approve the 2013 budget as presented.

<u>Discussion:</u> Board members discussed whether proposed revenue projections were realistic and whether expense growth is warranted. Some members expressed concern that if income and expense targets were not met, reserves would be needed to make up the difference. Rauch clarified that there are no new artistic initiatives in this budget. The artistic and production costs are about strengthening and supporting existing efforts and not about expansion. We selected a season that combines popularity with a smaller acting company. There is money imbedded for some of the Collaborative Spirit project, there are 10,000 more

seats for *King Lear* than we had for our most popular season, and there are 38 extra performances (referred to as "suppressed performances") not included in this budget, which would yield additional revenues if triggered. All of this gives Rauch comfort and faith in this particular budget. It was also noted that OSF's working capital Reserves, coupled with the AOF, significantly exceed Board-set Reserve goals.

Call for Vote on the Approval of the 2013 Budget: In Favor: 26, Opposed 1. Motion passed.

Nicholson thanked Finance Committee members and Roos for their work and dedication in fashioning the 2013 budget.

3. <u>Deeply Engaging Our Audience, Students and Teachers:</u> Mallory Pierce, Director of Marketing and Communication, referred the Board to the attendance report in the Board packet. The Elizabethan Theatre productions trailed other OSF theatres in attendance and the staff will be evaluating attendance trends carefully. The average ticket price is down slightly from budget. Pierce presented the new website, which provides more information, greater opportunities for engagement and interaction, enhanced ticket management and sales, and appealing design elements. We are in a testing phase now before we launch the site for the November pre-sale. CultureFest, our third multi-cultural festival, will take place October 4 – 8, 2012. Pierce presented three show images for next season. All shows will begin at 8:00 pm all year round, and she hopes this will increase the appeal of evening performances.

Education Report: Kathryn Ma, Education Committee Chair, stated that the Committee is looking forward to working with Rider on education initiatives. Ma referenced the Education reports in the Board packet. There continues to be challenges with space. A new model was developed for the Prologues, which will accommodate more students, increase revenue and require fewer Company members as teachers. Education will use enhanced technologies to move us forward on training and cultivating talent in the teaching artist program supported by the Miller Foundation Grant. Education has collaborated closely with Marketing and Box Office to support these changes. Joan Langley, Director of Education, stated that next year would be the second year of the teaching artist training program. We had two artists join our staff this year and will be adding three more. Education is using the suppressed performance model for Prologues, if they become popular.

- **4.** Making the Festival a Great Place to Work: Pam Hammond, Human Resources Committee Chair, reported that there is a new Committee charter. The Collaborative Spirit project (with Edsall's support) will continue to develop new workflows and systems, which help the flow of communication and work at the Festival. David Taylor, Director of Human Resources, reported that the work on the Recruitment Initiative continues, as we include more managers in the process, document practices and integrate diversity and inclusion efforts. Taylor commented that the Festival has a self-insured health care plan which shows higher costs this year because of increased utilization. Years 2010-2011 had lower costs, and we are seeing regular cycles of highs and lows over the years. Taylor reported he has received the first draft of the Compensation Report, but it needs some further work before we can release the results.
- K. Non-Agenda Items: Johnson stated that the Board had not formally approved the Bridging Document, which provided a narrative update of the Long Range Plan. Rauch commented that while the staff felt an update of high-level items was warranted, this document is not a Long Range Plan and does not commit the Board to an action plan or timeline. It reflects the leadership team's thinking over the next few years. It will be useful for when the next strategic planning process begins. The Board did not feel this document needed Board approval.

<u>Board Recognition</u>: Karen Allan, Board Vice-President, stated that the search process for the new Executive Director, which resulted in the hire of Rider, involved many people who served on the Search and Transition Committees. The Board officially recognized and thanked Board President Rudd Johnson for his leadership of the search process. In recognition and acknowledgment of his work, Board members presented him with a gift certificate. Johnson thanked the Board for their support.

<u>Daedalus Project:</u> Nicholson announced that the 25th annual event -- created to raise funds and awareness for AIDS/HIV -- set a new record for contributions at \$110,000. Funds will be distributed to local, regional and global organizations.

<u>Thomas Theatre Dedication:</u> Becky Ross, Interim Director of Development, announced that the dedication of the New Theatre will take place on November 4th. Participants will have dinner on the set of *Troilus and Cressida*.

Meeting adjourned at 2:30 pm.

Respectfully submitted,

Gail Lopes
Board Secretary