

# PITTSBURGH BALLET THEATRE

Pittsburgh Ballet Theatre  
Meeting of the Board of Trustees  
Tuesday, September 10, 2019  
12:00 - 1:00 p.m.  
PBT Studios

Board of Trustees in Attendance: Rich Beaty, Geoffrey Bond, Steffie Bozic, Connie Cesario, Barbara Cottrell, Jim Crockard, Susan Cruz, Debra Dermody, Dawn Fleischner, Doug Kreps, Michael LaRocco, Peggy McKnight, Mary McKinney Flaherty, LeRoy Metz, Sandra Nicholas, Terrence S. Orr, Andrea Passman, Shelley Taylor, Ayana Teter, Betsy Teti, Becky Torbin

Board of Trustees Not in Attendance: Camera Bartolotta, Edwin Beachler, Beth Brown, Carolyn Byham, Sean Cassidy, Jay Costa, Mary Finger, Freddie Fu, Celia Gerard, David Hall, Dona Hotopp, Dena LaMar, Kathleen Miclot, Melonie Nance, Richard Rauh, Guy Resenthaler, Lisa Saperstein, Vincent Silvaggio, David Tuthill, Hilary Tyson, Joseph Vincent, Winthrop Watson, Markus Weber, Vonda Wright

PBT Staff in Attendance: Curtis Dunn, Aziza El Feil, Harris Ferris, Kathryn Gigler, Katie Potts, Aaron Rinsema, Jay Romano, Katie Potts, Tanaz Walendziewicz

Guests in Attendance: David Mallette and Jason Palmquist from Management Consultants for the Arts

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## Call to Order, Welcome, Approval of June 4, 2019 Minutes, Chair's Remarks:

Dawn Fleischner called the meeting to order at 12:01 p.m.

Ms. Fleischner asked the Board to RSVP to Board meetings, committee meetings, etc. to make head count easier for PBT staff. Ms. Fleischner also highlighted PBT's new Board newsletter. The newsletter has been sent out three times now and will continue to be sent monthly. It includes important dates, Company updates, announcements, etc. If you have not received the newsletter yet please let Katie Potts know.

## Approval of June 4, 2019 Board of Trustees Meeting Minutes:

Mary McKinney Flaherty made the motion, second by LeRoy Metz to approve the June 4, 2019 Board of Trustees meeting minutes. Passed.

## Governance Report:

Mary McKinney Flaherty gave the Governance Report on behalf of Kathleen Miclot and Melonie Nance, Governance Committee Co-chairs.

Mary McKinney Flaherty presented three nominations to PBT's Board of Trustees: Barbara Cottrell, Philip Barr and Celia Gerard.

Approval of Board Nomination - Barbara Cottrell:

Mary McKinney Flaherty made the motion and Dawn Fleischner called for a direct vote, since the motion came directly from PBT's Governance Committee. Passed.

Approval of Board Nomination - Philip Barr:

Mary McKinney Flaherty made the motion and Dawn Fleischner called for a direct vote, since the motion came directly from PBT's Governance Committee. Passed.

Approval of Board Nomination - Celia Gerard:

Mary McKinney Flaherty made the motion and Dawn Fleischner called for a direct vote, since the motion came directly from PBT's Governance Committee. Passed.

Mary McKinney Flaherty tabled the approval of the by-laws amendment until the Facilities Report.

Management Consultants for the Arts Presentation:

Dawn Fleischner presented David Mallette and Jason Palmquist of Managements Consultants for the Arts (MCA). MCA is conducting PBT's Artistic Director search. Mr. Mallette and Palmquist's bios were included in the Board's packet of materials. Prior to the Board meeting, PBT held an information town hall with MCA for all staff, company members and board members to attend. Mr. Mallette and Mr. Palmquist presented trends in the ballet field so they did not repeat information from the town hall presentation.

Mr. Mallette stated there is currently an enormous leadership and generational change happening in the ballet field. The firm has completed a dozen AD searches for the theater world in the last few years and these trends are now shifting into the ballet field. Mr. Mallette also explained institutional organizations are becoming an integral part of the community ecosystem and becoming rooted into the community. Education and community engagement efforts are exploding. Equity, diversity and inclusion (EDI) is changing the ballet field in how leaders and trustees think of EDI. Organizations are moving away from policies and actions check boxes and instead are seriously rethinking who is welcome inside an organization and what kind of relationship organizations want to foster. Ballet schools and the relationship to the professional company is also an evolving conversation. Schools seem much more integrated throughout organizations. Mr. Mallette lastly discussed trends in revenue streams. Subscription models have been under duress for a long time. Organizations are focusing more on single ticket buyers as subscriptions decrease. In terms of contributed revenue, corporate support and corporate giving priorities are changing. Corporate support for the arts has been continually decreasing, which puts a lot more stress on individual donors. Over the last decade, individual donors are carrying the weight for arts institutions. Mr. Mallette summarized by saying this next generation of professional leadership is really thinking about organizational leadership in a different way.

David Mallette and Jason Palmquist took questions from the Board regarding their presentation and PBT's AD search.

Harris Ferris - How does a search firm help create a seamless transition between the former Artistic Director and the new one?

MCA - It is important for the new AD to hear as Trustees of an organization how you built the current state of the organization. There will be increased anxiety within the organization during the transition period so take time to allow for breathing room and allow Terrence and the organization to really soak in PBT's 50th Anniversary season.

Curtis Dunn - Is the information MCA gathering from PBT during the "interview" process similar to the trends mentioned?

MCA- There are a few unique qualities, such as The Cultural Trust and PBT's relationship with The Trust.

Mary McKinney Flaherty - What can the Board do to ensure and help a successful hiring process?

MCA: PBT's working group is very mindful of soliciting voices to contribute to creating the profile used to hire the next AD. Due diligence has been dynamic and the working group has created that so the process is already being handled in the correct way. The first part of the process is a confidential matter. That confidentiality is vital for MCA to properly handle the search process. The second round of the process will be to vet about three to four of the most intrigued candidates. MCA will continue to report out on progress.

Dawn Fleischner thanked David Mallette and Jason Palmquist for their time and their presentation.

#### August 31, 2019 Financials and Cash Flow:

Doug Kreps gave the Financial and Cash Flow Report.

#### Statement of Financial Position (Page 15 of 25) -

Mr. Kreps stated cash equivalents is slightly down. PBT's Endowment compared to July 30, 2019 is down by roughly \$500K. \$480K is due to the annual transfer. Mr. Kreps also highlighted an increase in production expenses due to new drops and floor for productions. Under "accounts payable", \$125K is from students lodging at Chatham University, which has been paid.

#### Statement of Activities -

Mr. Kreps pointed out PBT is tracking a little light in regards to single tickets and subscriptions. In terms of subscriptions, PBT is definitely behind from where we were this time last year. This is something that will need to be made up somewhere else in the budget or through single ticket sales. PBT School revenue is up \$53,000 compared to the budget. However, there are offsetting expenses in the same amount. The School is on track but the budget has shifted

around expenses. \$76K is budgeted amount for the Artistic Director search that was not previously reflected. Direct production expenses increased by approximately \$33K. PBT is commissioning a live recording, which will be a capital item used for the next number of years. The budget for Balanchine came in \$10K less than expected. Lastly, sales for *The Nutcracker* are on track.

#### Statement of Cashflow -

The statement of cashflow has not really changed since the Board last reviewed. The key point is based on where PBT we will be with the max line of credit at the end of the year. Mr. Kreps stated one of the things PBT can do between now and the year end is focus on the importance of the live music appeal match. Year 1 match ends December of this year so any contributions you can make is critical to receive the \$1MM match. If PBT does not get the \$1MM, it will really impact the budget moving forward. Mr. Kreps cannot emphasize enough how important that is.

#### Facilities Committee Report:

Harris Ferris gave the Facilities committee report on behalf of Rich Beaty.

PBT has held several facilities committee meetings that Rich has overseen. Today's Board meeting focused on the \$1MM RACP grant PBT received from the State. The \$1MM received requires a donation match. PBT is using \$1MM of the \$3.8MM donation of the building from PBT Charitable Foundation to PBT to constitute the RACP match required. The Court of Common Pleas has approved the deed for the building transfer. Mr. Ferris thanked Metz Lewis for their legal work and assistance with this process.

Mary McKinney Flaherty presented the board resolution and by-laws amendment that was tabled earlier.

Ms. McKinney Flaherty referred to pages 12, 19 and two legal packets in the hand outs. Ms. McKinney Flaherty stated PBT is very grateful to the PBT Charitable Foundation for transferring the building to PBT. This is certainly a testament to the leadership of the organization to demonstrate financial record of success, in order to give the PBT Charitable Foundation Trustees confidence to turn the building over. There are a few remaining documents that need to be completed to finalize the building transfer.

**Lease Termination Agreement** - This agreement states the building was previously being leased PBT by the PBT Charitable Foundation. The document has been executed by Tom Todd and Harris Ferris and soon to be executed by Celia Gerard and Mikell Schenck.

**Deed** - The deed presented in the handouts transfers the rights to the building from PBT Charitable Foundation to PBT.

Board Resolution - There is a board resolution in the packet stating these two legal documents are giving authority to officers of the organization to execute and record the lease termination agreement

By-Laws Amendment - The By-Laws amendment included in the packet of materials went through and was approved by PBT's Governance Committee. Ms. McKinney Flaherty explained the reason the building was held by the Trustees originally was to ensure the building would not be mortgaged under financial duress. PBT Charitable Foundation Trustees wanted a provision in place that a super majority (in this case  $\frac{2}{3}$  of the Board) would have to give approval to mortgage the property. This was discussed and in the minutes from the February 12, 2019 Board meeting; however, the Charitable Foundation Trustees want a formal by-laws amendment. Ms. McKinney Flaherty stated the by-laws amendment can go to a direct vote because it was approved beforehand by the Governance Committee.

Approval of Board Resolution re: RACP Match:

*"Pittsburgh Ballet Theatre has secured \$3,875,000 in a land match, located at 2900 Liberty Avenue Pittsburgh, PA 15201 (the Ballet headquarters) of which, \$1,000,000 will be used as matching funds for the \$1,000,000 RACP grant."*

Mary McKinney Flaherty made the motion, second by LeRoy Metz. Passed.

Approval of By-Law Amendment:

*"(L). The Corporation shall not mortgage all or a substantial part of the property of the Corporation transferred to it by Pittsburgh Ballet Theatre Charitable Foundation by Deed dated as of September 9, 2019 unless such mortgage shall first be approved by not less than two thirds of the members of the Board of Trustees at a duly called and convened meeting of the Board. This provision may not be amended or deleted from these By-Laws without the approval of at least two thirds of the members of the Board of Trustees of the Corporation at such a meeting."*

Mary McKinney Flaherty called for a direct vote because it was approved beforehand by the Governance Committee. Passed. 21 Trustees approved, 0 disapproved.

Board Resolution re: Lease Termination Agreement:

*Resolved that the form of Lease Termination Agreement and Deed presented to this meeting is approved and proper officers of the Corporation are hereby authorized to execute and deliver (and in the case of the Deed cause to be recorded) the Lease Termination Agreement and the Deed in such forms with such changes therein as the*

*officer executing the same shall approve, such approval to be conclusively evidenced by such execution.*

Mary McKinney Flaherty made the motion, second by Dawn Fleischner. Passed.

Mary McKinney Flaherty stated one effect of this in terms of the mortgage restriction is to have legal council review the effects or potential effects of this amendment.

#### Development Update:

Harris Ferris gave a brief development update on behalf of the Director of Development Christy Rowing. Ms. Rowing was presenting at a conference in Vancouver.

#### Ball Report -

Harris Ferris gave a big thank you to Hal Waldman and Kathleen Miclot for their hard work as chairs of this year's Pointe in Time Gala. Mr. Ferris also credited PBT's development team. This year's fundraising goal for the gala is \$503K. 81% of the corporate table sales goal is complete. PBT is 63% to the overall fundraising goal and is poised to beat the goal. Scholarships will be the live appeal with a goal to raise \$75K.

#### 50th Anniversary Appeal Updates -

PBT's Board of Trustees approved the 19-20 budget at the annual meeting on June 4, 2019. The budget includes \$5.8MM for fundraising. Right now, PBT is at \$1.3MM raised or around 23%. This time last year PBT was around 24% of goal. There are some soft spots in the budget so Mr. Ferris would like to spend some time discussing. Mr. Ferris referred to a "50th Anniversary Appeals" document he handed out. The first four columns (Chautauqua, Joyce, Production Sponsorships and Friends of the 50th) are all assumed in development revenue and fall under the TBA category in the budget. PBT needs to make up the \$40K from Chautauqua. However, the good news is PBT already over fundraised for The Joyce by \$5K and are still talking to additional funders. The next column on the document highlights the fundraising for the live music Appeal. 20% or \$400,000 of funds raised for the live music appeal are assumed in the budget. PBT currently has a pledge from an anonymous donor and a pledge match from Dawn and Chris Fleischner. Dawn and Chris Fleischner will match Board gifts to the Live Music Appeal of up to \$50,000 per year for the next three years. Mr. Ferris stated PBT will be ready to go live with the public appeal announcement at *Giselle* in October. 100% Board participation in the form of gifts or pledges for the Live Music Appeal is needed by the time of the public announcement in October. The gift can be for any amount. Ms. Fleischner will be in touch with everyone individually and hopes the Board will go along with this. PBT understands many Trustees already gave to other projects and campaigns but participation from every Board member is really important and sends a strong message.

#### Artistic Director's Report:

Terrence S. Orr gave the Artistic Director's Report.

Mr. Orr announced that the Company will be back in the studios on Monday, September 16 after being off for two weeks. Kyle Abraham's piece is being staged. Staycee Pearl has started working with PBT School.

Mr. Orr is off to Prague at the end of next week for the recording of *Beauty and the Beast* and *The Great Gatsby* with Jorden Morris and Carl Davis.

Mr. Orr received bad news. Elyse Born, his very dear friend, is ill. She was scheduled to come next week to stage works. Mr. Orr will now stage *Theme and Variations* and Judith Fugate will come back in January.

#### Other Business:

Mr. Ferris announced that PBT's collaboration with the Pittsburgh Symphony Orchestra to perform Rite of Spring at Heinz Hall in October 2020 will not impact this year's budget. PBT performed Rite of Spring about twenty years ago. It is a tremendous work and PBT is thrilled to be performing it again.

#### Adjournment:

Mary McKinney Flaherty made the motion, second by Susan Cruz to adjourn the meeting.  
Passed.

With there being no further business, the meeting was adjourned at 1:00 p.m.

Submitted by, Harris Ferris

Approved by, Douglas Kreps on behalf of Betsy Teti