

Pittsburgh Ballet Theatre
Meeting of the Board of Trustees
Tuesday, October 8, 2019
12:00 - 1:00 p.m.
PBT Studios

Meeting Minutes

Board of Trustees in Attendance: Phil Barr, Steffie Bozic, Rich Beaty, Connie Cesario, Barbara Cottrell, Jim Crockard, Susan Cruz, Mary Finger, Dawn Fleischner, Dona Hotopp, Doug Kreps, Michael LaRocco, Mary McKinney Flaherty, Peggy McKnight, Kathleen Miclot, Terrence S. Orr, Shelley Taylor, Ayana Teter, Becky Torbin, Winthrop Watson, Markus Weber

Board of Trustees Not in Attendance: Camera Bartolotta, Edwin Beachler, Geoff Bond, Beth Brown, Carolyn Byham, Sean Cassidy, Jay Costa, Debra Dermody, Freddie Fu, Celia Gerard, David Hall, Dena LaMar, LeRoy Metz, Melonie Nance, Sandi Nicholas, Richard Rauh, Guy Reschenthaler, Lisa Saperstein, Vincent Silvaggio, Betsy Teti, Hilary Tyson, Joseph Vincent, Vonda Wright

PBT Staff in Attendance: Harris Ferris, Kathryn Gigler, Margie Grundvig, Katie Potts, Aaron Rinsema, Jay Romano, Christy Rowing

Call to Order, Welcome, Approval of September 10, 2019 Minutes, Chair's Remarks:
Dawn called the meeting to order at 12:01 p.m.

Approval of September 10, 2019 Board of Trustees Meeting Minutes:
Susan Cruz made the motion, second by Michael LaRocco to approve the September 4, 2019 Board of Trustees meeting minutes. Passed.

Dawn Fleischner welcomed Phil Barr and Barbara Cottrell to the meeting as new Board of Trustees. Ms. Fleischner also thanked Trustees for read and responded to her email and letter regarding PBT's Live Music Appeal and getting 100% Board participation for the appeal. Ms. Fleischner announced she just received a kind note from Vince Silvaggio with a check for the appeal.

September 30, 2019 Financials and Cash Flow:
Doug Kreps gave the Financial and Cash Flow Report.

Statement of Financial Position -

Doug Kreps highlighted the first line item (cash) for a variety of reasons. Mr. Kreps stated cash is tight this year and PBT has not been able to accrue revenue for cash. Cash for salaries and

production costs is needed but net assets have not been released. Mr. Kreps stated the fact that cash is tight happen annually.

Statement of Activities -

Mr. Kreps stated \$548K of net assets is from subscriptions and single/group ticket revenue. The main variance on the second page is on the top line under season subscriptions. This line has been changed to reflect a slow down in season subscriptions. Last time Trustees met, Mr. Kreps mentioned subscriptions were slow. Therefore, the budget has been adjusted by \$30K.

Statement of Cashflow -

Mr. Kreps highlighted the most important line under the statement of cashflow, which is PBT's line of credit. PBT will borrow from line of credit to get through November, as there is a cash shortfall in November of about \$150K. This is partially related to the time of year and net assets/ticket sales being released. Mr. Kreps stated PBT cannot borrow more money and stated Trustees can be proactive by paying their Board commitments sooner rather than later, which will help make a difference. This also included paying gala tables. Shelley Taylor asked historically PBT had a soft spot in the spring and does not remember one this time of year. Jay Romano responded with this time of year is always difficult. The Cultural Trust holds all proceeds from *The Nutcracker* until November 1, as well as all ticket sales. October in the past has always been difficult just a little bit more this year than in the past.

Ticket Sales Report -

Ticket sales for *Giselle* are tracking ahead. PBT is a little behind on single tickets for *The Nutcracker* but only by 500 tickets. Mr. Kreps highlighted the average ticket price for single tickets is higher than it has been in the past, which is great news. All other productions at this point are tracking ahead of where they should be.

2018-19 Draft Audit Report -

Jim Crockard gave the Audit Report.

The Audit Committee met last week with Schneider Downs. Jim Crockard is pleased to report PBT is sitting on a clean audit right now. Mr. Crockard can also share it was a challenging committee meeting, as there is a new accounting practice adopted by all non-profits, which is new to the ballet this year - the financial statements have been changed. PBT is doing a few things to make these statements for readable. According to Mr. Crockard, it looks like PBT will again be the black. At the next Board of Trustees meeting, the Board will approve the audited financials. In the meantime, the committee is working to make it more readable while meeting the audit requirements.

Facilities Report -

Rich Beaty gave the Facilities Report.

Rich Beaty stated Harris Ferris sent around the minutes from the Facilities Committee meeting on Monday, October 7 for review. The committee had a large discussion regarding PBT's warehouse on 3220 Smallman Street. PBT current leases warehouse space, which runs through 2021. However, the property is currently on the market. The owner is willing to sell the property to PBT for \$1.6 MM. The committee reviewed alternative spaces and production analyzed properties. The current warehouse PBT leases is in an ideal location and has the ability to move large sets in and out of the space. After looking at various solutions, including spaces in Sharpsburg and the South Hills, it has come down to PBT purchasing the current warehouse space. The warehouse is currently on the market for \$2 MM but the owner agreed to revisit the original offer price of \$1.6 MM. The committee voted to move forward with putting an offer on the current warehouse and due diligence is being done on the property. The cost associated with moving into another facility is \$275K, which is not built into PBT's budget. PBT will avoid this cost if the current warehouse is purchased. PBT is assuming to put down \$500K for a \$1.1 MM mortgage. Dona Hotopp asked if there is space in the facility for PBT to rent. Mr. Beaty stated PBT uses the entire space. Dawn Fleischner stated PBT will get a firm estimate and understanding of short-term and long-term costs needed for the warehouse.

Approval to enter into a purchase agreement for 3220 Smallman Street subject to due diligence:

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

Strategic Plan Report -

Mary McKinney Flaherty and Winthrop Watson presented the 2019-22 Strategic Plan.

The strategic planning process began last fall. The Board retreat with Alan Brown was held last December. The committee then moved through a series of planning meetings. At the annual Board meeting in June, the Board decided to push the approval of the plan back for a fall approval date to include 50th Anniversary items. During that time, Terry announced his retirement. The committee then regrouped to shift the focus of the plan to also include hiring and onboarding of a new artistic director. The strategic plan overview was taken in large part from language included in MCA's position profile.

Mary McKinney Flaherty and Winthrop Watson reviewed the 19-22 draft plan. The first page is similar in appearance to the last plan. The mission, vision and diversity statements remain the same, as they were reworked halfway through the last plan. The three goals have shifted from the last plan and now stand as aspire, protect and value. Value is more robust, speaking to all individuals involved in PBT. The last plan included six priorities that were very specific. This plan was narrowed down to three higher level priorities that are more flexible. Ms. McKinney Flaherty specifically wanted to highlight a different in this plan, which includes tasks allocated

to the Board (page 26 of packet). The objective “advance effective decision making through organizational governance” will include measures of success such as creating an ad hoc committee regarding guidelines and policies. Another key piece of this plan was including measurable goals into the plan (measures of success) and drafted higher level measures that are flexible. The plan is providing higher level objectives to allow flexibility but also measurable and achievable goals.

Dona Hotopp asked a question regarding a satellite school in Westmoreland County. Harris Ferris responded PBT is exploring the possibility, which goes back almost ten years. PBT looked at the possibility of a satellite school awhile back and opted at that point to focus on building this campus instead. Mr. Ferris stated this is somewhat opportunistic as Mr. Ferris was approached by the owner of Laurel Ballet who would like to sell the school. PBT will submit a grant to fund a feasibility study and then PBT will come back together to determine whether it is a good opportunity.

Approval of 2019-2022 Strategic Plan:

Shelley Taylor made the motion, second by Becky Torbin to approve the 2019-2022 Strategic Plan. Passed.

2020-21 Season Planning -

Terrence S. Orr presented 2020-21 season.

The season will open with Kent Stowell's *Cinderella* with PBT Orchestra, which will be different than any other *Cinderella* PBT has done before. Pacific Northwest Ballet will be performing it this spring. PBT will then perform *The Nutcracker* and *December*. In February, PBT will perform *Merry Widow* with PBT Orchestra. Mr. Orr stated *Merry Widow* is a fabulous story ballet and a beautiful ballet for PBT to perform. In March, the mixed rep program will include Nacho Duato's *Duende* and Mark Morris' *Maelstrom*, with a third TBD piece. The closing production will be a two-week production of *Alice in Wonderland* over Mother's Day.

Harris Ferris reviewed the 2020-21 season financials. Page 31 of the packet includes the 2020-21 show P&L. PBT needs to hit a certain percentage (76%) of expenses compared to revenue. Ticket sales are very strong for this season at \$2.9 MM. Expenses are also \$2.9 MM so spending 99% of revenue. PBT needs to raise \$925K to get to 76%. The good news is PBT already has \$600K raised. PBT feels very confident that the remaining \$300K can be raised. The cost of each ballet is listed on page 32.

Mr. Ferris mention PBT's performance at The Joyce Theater is happening this year but not on the subscription season. Mr. Orr discussed the importance of Nacho Duato and Mark Morris' works that PBT will be performing at The Joyce next spring and then again in March of 2020-21. At the beginning of 2020-21, PBT will perform *Rite of Spring* in collaboration with Plttsburgh Symphony Orchestra at Heinz Hall.

Mr. Orr also announced Staycee Pearl is working with the company to create a piece. Staycee is an artist in residence this year and also working with PBT School. Staycee has been working with PBT since September.

Approval of 2020-2021 Season:

Winthrop Watson made the motion, second by Mary Finger to approve the 2020-2021 Season. Passed.

Development Update -

Christy Rowing gave the Development Update.

If there is something you would like to discuss with Christy Rowing in more detail please do not hesitate to reach out to her. The development department is about 11% off of their \$5.7MM year-end goal from where PBT was last year. However, the department is confident the gap will be closed in the second quarter. PBT has \$1.2 MM in approved grants and X amount out in requests. Christy Rowing is finding a lot of enthusiasm from the corporate and foundation side to celebrate the legacy of Terry and PBT's 50th Anniversary, which makes a compelling ask for the development team. PBT's Golden Pointe in Time Gala is doing well and PBT does not want to lose the fundraising momentum for that event. The team is still looking for additional sponsor opportunities and table sales, as well as bottles of wine and live/silent auction donations or suggestions. The biggest ask is to help put together live auction packages so if anyone has a place to pair with plane tickets or suggestions please let the team know. PBT wants to make sure the auction is as good as it has been in the past. Christy Rowing thanked Hal and Diane Waldman and Kathleen Miclot for leading the charge on the gala, as well as PBT's Corporate and Government Relations Manager, Erin Starzynski to help close the deals. The Live Music Appeal will take a larger focus as PBT comes out of the quiet phase during *Giselle*.

Other Business -

Dawn Fleischner a few upcoming events -

October 27, 2019 - 50th Anniversary Dancer reunion at PBT studios following the performance of *Giselle* (4:30 p.m.)

November 8, 2019 - Residency and performance at Seton Hill University

November 15, 2019 - Building dedication at 4:00 p.m.

November 16, 2019 - Golden Pointe in Time Gala

AD Search Update -

After coordination and engagement with staff, board, stakeholders the position profile is now live. David and Jason from MCA have hundreds of names to sort through with many applications already in. They will prioritize those applications over the next ten weeks and examine candidates by speaking to references, etc. MCA is now leading the search charge and the working group is in the quiet phase. The working group will then meet up again to discuss

semi-finalists, who will remain confidential to protect them. By offering a broad description, it opens up the door to those who may not have the experience as an artistic director. Erin Starzynski and Katie Drozynski from PBT are drafting talking points for staff and dancers regarding the search so everyone is on the same page.

Adjournment:

Winthrop Watson made the motion, second by Mary McKinney Flaherty to adjourn the meeting. Passed.

With there being no further business, the meeting was adjourned at 1:01 p.m.

Submitted by, Harris Ferris

Approved by,