

PITTSBURGH BALLET THEATRE

Pittsburgh Ballet Theatre
Board of Directors Meeting
Tuesday, June 9, 2020
4:00 - 5:30 p.m.
Via Zoom

Meeting Minutes

Board of Directors in Attendance: Philip Barr, Rich Beaty, Geoff Bond, Steffie Bozic, Beth Brown, Connie Cesario, Barbara Cottrell, Jim Crockard, Susan Cruz, Dawn Fleischner, Celia Gerard, Dona Hotopp, Doug Kreps, Dena LaMar, Michael LaRocco, Peggy McKnight, Mary McKinney Flaherty, LeRoy Metz, Kathleen Miclot, Melonie Nance, Sandra Nicholas, Terrence S. Orr, Stephanie Sciuillo, Shelley Taylor, Ayana Teter, Betsy Teti, Becky Torbin, David Tuthill, Winthrop Watson

Board of Directors Not in Attendance: Camera Bartolotta, Edwin Beachler, Kara Brown Davis, Carolyn Byham, Jay Costa, Debra Dermody, Mary Finger, Freddie Fu, David Hall, Natalie Mihalek, Richard Rauh, Guy Reschenthaler, Lisa Saperstein, Vincent Silvaggio, Hilary Tyson, Joseph Vincent, Vonda Wright

PBT Team Members in Attendance: Curtis Dunn, Harris Ferris, Kathyn Gigler, Margie Grundvig, Susan Jaffe, Dennis Marshall, Katie Potts, Aaron Rinsema, Jay Romano, Christy Rowing, Tanaz Walendziewicz

Call to Order, Welcome, Approval of April 14, 2020 Minutes -

Dawn Fleischner called the meeting to order at 4:02 p.m.

Approval of April 14, 2020 Board of Directors Meeting Minutes:

Doug Kreps made the motion, second by Terrence S. Orr to approve the April 14, 2020 Board of Directors meeting minutes. Passed.

Dawn Fleischner acknowledged PBT team members at all levels for all their hard work during this difficult time, which is very admirable. PBT has responded and pivoted quickly, during COVID-19.

Dawn Fleischner also acknowledged recent national events regarding systemic racism in the US. There have been ongoing "coffee chats" organized by PBT's equity project transformation team via Zoom that allow all team members to participate in an open and safe conversation forum. There will also be ongoing training led by the transformation team. The urgency of the moment is felt by many and the goals of PBT's equity project transformation team have taken

on greater urgency. PBT has the resources and the will to address systemic racism in ballet and in the larger context. Ms. Fleischner asked Board members to join her and the entire team on this mission. This moment is a call to action for individuals and organizations. PBT can play a role and make a difference.

Introduction of Susan Jaffe -

Terrence S. Orr introduced Susan Jaffe.

Mr. Orr stated he is very proud of PBT's decision to hire Susan Jaffe as PBT's next artistic director, and he feels confident in passing the baton to Ms. Jaffe. Ms. Jaffe has been a friend of Mr. Orr's for a while, and she has incredible and inspirational ideas. Ms. Jaffe is joining PBT at a hard time but Mr. Orr stated he is confident she will be able to steer the Company in the right direction. With that being said, Terrence S. Orr introduced Susan Jaffe to the Board of Directors.

Susan Jaffe stated she is so happy to be a part of PBT. Her last day at UNCSA was on Friday, June 5. She cannot wait to move to Pittsburgh, and it is fantastic to see everyone via Zoom.

May 31, 2020 Financials and Cashflow Report -

Doug Kreps gave the May 31, 2020 Financials and Cashflow report.

Doug Kreps stated PBT is in a strong financial position as PBT closes the 2019-20 fiscal year on June 30. While PBT regretted the March and April Pittsburgh Cultural District and Joyce Theater program cancellations, there was a positive budgetary impact, as expense saving exceeded revenue loss and ticket refunds were minimized through patron services. In the School, tuition revenue losses from the cancelling of in-person classes were minimized through the pivot to online programming.

PBT's fourth quarter was bolstered through a Payroll Protection Program (PPP) loan of \$1,085,000 which converts to a grant if spent largely on payroll. The PPP will enable PBT to maintain workforce at normal levels through the end of June and fully pay the PBT orchestra for the cancelled *Balanchine and Tchaikovsky* program.

Statement of Financial Position -

PBT's \$837K in cash and cash equivalents is a historical high and reflects remaining balances from the PPP loan. PBT's endowment is up 4% and now over \$9 MM.

Statement of Activities -

As referenced earlier and as reflected in the variance column on the Statement of Activities, a negative variance of (\$706,000) in operating revenue was offset by nearly \$1,300,000 in expense savings for a net gain of \$589,000. Despite a miss on targeted production

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sponsorships, the overall result for Public and Private support, thanks in part to the PPP, drove an additional positive variance of \$351,500. Contribution to overhead from the Live Music Appeal totaled \$161,000 which drove a negative (\$239,000) budget variance. This combined with a number of grants and sponsorships being deferred to FY 21, resulted in a (\$408,500) variance under Net Assets Release Restrictions. Mr. Kreps explained that the \$152K forecast under ball/fundraising will cover incurred and anticipated special event expenses. Nearly all of the sponsors have agreed to be acknowledged at the virtual celebration on June 11: PBT En Pointe.

PBT projects to end the year solidly in the black with a change in net assets from operations at \$535,000. *(Note: the \$535,000 accrual surplus would translate to \$142,000 cash surplus after adjusting for depreciation and capital outlays, PBT's best operating result in over ten years.)*

Statement of Cashflow -

Mr. Kreps stated PBT will be cashflow positive at the end of the year but still maintain a line of credit. The line of credit rests at \$100K. Mr. Kreps stated there is no doubt that ISP will be significantly impacted by COVID-19, and there is no doubt that PBT does not know what attendance might be like at *Balanchine* in the fall, so it is incredibly hard to predict where the organization is going.

Phil Barr asked with the fiscal year ending in June if PBT was looking to adjust its risk portfolio. Mr. Kreps stated that a change in the current allocation has not been discussed recently. Jay Romano confirmed that PBT has maintained a 65/35 equity vs. fixed return assets under the board's management agreement with PNC Bank.

2020-21 Annual Budget -

Jay Romano and Doug Kreps presented the 2020-21 annual budget.

Doug Kreps stated it is really hard for PBT to plan given many unknowns; PBT has a lot of ideas and contingency plans depending on how COVID-19 pans out in the future. PBT knows what aspects can be controlled and this budget reflects that. PBT also made some assumptions in this budget, including a 20% decline in ticket sales and tuitions. The level of uncertainty remains high going forward and a number of scenarios are in review. Despite responsible budget cuts the 2020-21 spending plan requires additional time to come in balance with revenue fo. PBT is therefore presenting an unbalanced budget, which Mr. Kreps has never done so before as Treasurer. PBT might be able to get the budget balanced but it will take some additional work. Dawn Fleischner, Mary McKinney Flaherty, Doug Kreps, Rich Beaty, Jay Romano and Harris Ferris are constantly at work on achieving this. They are asking the Board to have faith and pass the budget as is.

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Jay Romano stated the variance column on page one of the budget compares the 2020-21 budget to what PBT budgeted for this fiscal year (2019-20). PBT is budgeting \$1 MM less in operating revenue compared to 2019-20. PBT also carved out \$500K in operating expenses. PBT went in conservatively and positioned the organization to be able to pivot in all areas depending on what the future holds. Mr. Romano stated PBT is about to end its 14th consecutive year in the black and PBT has every intention of being able to do that again next year. Overall, the 2020-21 season is a very exciting one for PBT. PBT opens with *Balanchine* in October, *The Nutcracker* in December, *Cinderella* in February, *Modern Masters* and *Here and Now* (two programs) at August Wilson African American Cultural Center (AWAACC) in April, and finally closing out the season with *Alice in Wonderland* in May. Between *Cinderella* and the programs at AWAACC is a tour of *Beauty and the Beast* to Michigan. Mr. Romano is confident that PBT has positioned the organization in a way to react to the economy as PBT moves forward in the next twelve months. Dawn Fleischner stated this is not the end of the budgeting process, only the beginning. PBT will examine the possibilities of what the fall will look like in July. PBT is approaching this situation without any long-term debt, mortgages, etc, which is great news.

Harris Ferris discussed funding. The event scheduled for April 4 brought in over \$300K through several sources. Both PNC and The Pittsburgh Steelers made large gifts. April 4 was set to be an expensive event, as it was going to feature a full orchestra performance, PBT School performance and a Company performance all to put a spotlight on PBT's Live Music Appeal. When the event was cancelled due to COVID-19, PBT pivoted to fulfill the promise PBT made to event funders. PBT created a different path - one that includes a virtual celebration on June 11. The virtual celebration will highlight PBT's 50th Anniversary and welcome Susan Jaffe to PBT. A portion of the net revenue from April 4/June 11 has been pledged to the Live Music Appeal, and over \$100,000 deferred to FY21 operations. PBT's Live Music Appeal was a major fundraising component this year. The goal was to raise \$1 MM this year for live music, in order to initiate a match from an anonymous donor (as of June 24th PBT has raised \$1,228,000 in pledges toward the \$3MM match, of which \$838,000 has been received). PBT's development department is pursuing government funding for ongoing DCED funding for education and marketing to attract tourists.

Approval of 2020-21 Annual Budget:

Doug Kreps made the motion to pass the budget based on the fact that things are changing rapidly regarding the coronavirus, second by Winthrop Watson. Passed.

Dawn Fleischner thanked Doug Kreps for his time serving as PBT's Treasurer.

Governance Committee Report -

Mary McKinney Flaherty, Kathleen Miclot and Melonie Nance gave the Governance Committee report.

Revised By-Laws -

Mary McKinney Flaherty presented PBT's revised by-laws, which were approved and recommended by PBT's Governance Committee in May. Ms. McKinney Flaherty also received feedback from LeRoy Metz prior to this meeting, which will be incorporated into the by-laws.

PBT's by-laws were last fully updated in 1999. Much of the language was outdated and, because of multiple revisions over time, there were internal inconsistencies. This redraft updates the by-laws to (1) reflect the current practices of the organization, (2) remove redundancies and inconsistencies, (3) modernize the language to address changes in technology, and (4) enable flexibility. These revisions maintain all recent changes to the by-laws, including the addition of the position of directors emeriti and the restriction on mortgaging the original building. Mary McKinney Flaherty announced PBT's Board will now become Board of Directors rather than Board of Trustees. LeRoy Metz sent Ms. McKinney Flaherty a few revisions regarding article III with respect to Board committees and the entire Board. Language will be changed that a standing committee can be created with a quorum present at a Board meeting.

Approval of Revised PBT By-Laws:

David Tuthill made the motion to approve the revised by-laws upon recommendation of the Governance Committee with LeRoy Metz's revisions adopted, second by Dawn Fleischner. Passed.

Before moving on to the class of 2020 renewals and 2020-22 Board officers, Mary McKinney Flaherty thanked Dawn Fleischner for her serving as PBT's Board Chair for the past two years. Ms. Fleischner co-chaired PBT's Capital Campaign Committee, chaired a Pointe in Time Gala, has served on almost every Board committee and was a wonderful leader on the artistic director search committee.

Class of 2020 Renewals -

Kathleen Miclot presented the class of 2020 Board Renewals for approval.

PBT's class of 2020 Board renewals include,

- Ed Beachler
- Jim Crockard
- Kara Brown Davis
- Debra Dermody
- Mary McKinney Flaherty
- Doug Kreps

- Dena LaMar
- LeRoy Metz
- Melonie Nance
- Lisa Saperstein
- Ayana Teter
- Betsy Teti
- Hilary Tyson

Upon renewal, Board members will serve a three year term.

Approval of Class of 2020 Board of Directors Renewals:

Shelley Taylor made the motion, second by David Tuthill to approve the class of 2020 Board of Directors renewals. Passed.

Approval of 2020-22 Board Officers -

Melonie Nance presented the 2020-22 Board of Directors Officers, which the Governance Committee nominated for approval.

The 2020-22 Board Officers include,

- Chair - Mary McKinney Flaherty
- Vice Chair - Ayana Teter
- Immediate Past Chair (one-year term) - Dawn Fleischner
- Secretary - Betsy Teti
- Treasurer - Rich Beaty

Approval of 2020-22 Board Officers:

Doug Kreps made the motion, second by Kathleen Miclot to approve the 2020-22 Board of Directors Officers. Passed.

Board Emeritus Nomination -

Longtime Board member Becky Torbin has decided to move on from PBT's Board of Directors but will continue to stay involved with PBT. During her time at PBT, Becky Torbin has chaired two galas, served on many committees, and even sold single tickets and subscriptions when she first became involved with PBT (part of the Board's responsibility back then). Kathleen Miclot is recommending the Board approve Becky Torbin to become a Director Emeritus.

Approval of Board of Director Emeritus Nomination:

Kathleen Miclot made the motion, second by Jim Crockard, to approve Becky Torbin becoming a Director Emeritus member. Passed.

Becky Torbin stated she will remain highly involved with PBT. During her forty-five years with PBT she has seen some lows but being with PBT the past fourteen years has been such a high.

PBT School Update -

Aaron Rinsema provided a School update on behalf of PBT School.

Aaron Rinsema gave an update on PBT School summer programs. PBT has been doing quite well with virtual classes for all levels of the School. The School pivoted to virtual summer programming for all summer programs held before July 26. As Mr. Rinsema gave the report, the School was wrapping up day two of Company Experience. Company Experience is a two week, Monday thru Friday program. PBT wanted to stay true to the original intent of the program, while also salvaging as much revenue as possible. The program was restructured to better suit virtual needs. There are 76 students enrolled - 57 and 19 males. Before COVID, the gross revenue projections were based on about 90 students, so 76 students is decent retention. From a revenue standpoint, PBT is able to retain 48% of the net revenue from that program. Several Company members are involved in Company Experience programming. In regards to Intensive Summer Program (ISP), PBT wanted to make the program as meaningful as possible, while staying true to the initial intent. 143 students are enrolled in the program - 115 females and 28 males. Pre-COVID, 215 students were enrolled, so 143 is quite an impressive virtual ISP. PBT was able to retain 38% of ISP revenue. PBT is still fine tuning the artistic program for ISP but it is likely to include all full-time teachers and supplemented by some part-time faculty members. PBT is a short 1.5 weeks away from this program. PBT School also started some children's and student division summer programs this week. Aaron Rinsema thanked the entire School team and faculty, as well as PBT's production department for their assistance during PBT's transition to virtual classes and programming.

Artistic Update -

Terrence S. Orr gave an artistic update.

Terrence S. Orr stated this is his last Board of Directors meeting as Artistic Director. Mr. Orr stated he will also resign from PBT's Board of Directors. Mr. Orr feels very privileged to have served on PBT's Board and to serve as the Artistic Director. He looks forward to doing more work with the organization. Nine choreographers in PBT's Company have produced ten works for PBT's digital content. Four of the choreographers are working in PBT's Company Experience program. PBT is extremely lucky to have this many choreographers in the Company. Mr. Orr stated Charles Barker will be implementing some programming for Company Experience alongside Byam Stevens. Mr. Orr stated he is very proud of the organization and what PBT is able to accomplish right now.

June 11 Virtual Event -

Harris Ferris discussed PBT's virtual celebration on June 11.

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PNC and The Pittsburgh Steelers Present Pittsburgh Ballet Theatre En Pointe will premiere Thursday, June 11 at 7:00 p.m. Mr. Ferris encouraged the Board to register for the event and share on social media. The event is a chance for PBT to revisit the Live Music Appeal with the entire orchestra performing a piece. Each musician recorded performing at home and Christian Lockerman put it together for a full performance. There are three new choreographed works by the Company premiering as well.

Harris Ferris shared a thank you video from PBT Company members to Dawn Fleischner for all her support and leadership the past two years as Board Chair.

Harris Ferris briefly discussed PBT's mobile stage project. PBT is currently raising funds to obtain a mobile stage. PBT is pleased to announce The Richard King Mellon Foundation's COVID-19 Economic Impact and Recovery "Request for Ideas" has been approved in the full amount PBT requested, \$250,000. The Foundation's funding is contingent upon PBT raising the remainder of the support needed for the mobile stage. Of the 235 submissions RK Mellon received, only 80 were invited to submit full proposals. Only 37 of those were able to be funded. And only 6 of those are funded at the full amount requested. Mr. Ferris stated this project, which needs additional funding, will go through PBT's Executive Committee for approval with a business model presented to the Committee that supports the concept of a mobile performing arts unit that PBT would own jointly with other Cultural District groups. This is a golden opportunity for corporate partners and a way for ballet to become more accessible.

Passing the Baton -

Susan Jaffe has known Terrence S. Orr since she was 18 years old. At the time, Mr. Orr was ballet master at ABT and Ms. Jaffe was in the Company. Ms. Jaffe stated Mr. Orr has always been a champion of hers, and to see what he has done at PBT has been incredible. When Ms. Jaffe had the opportunity to apply for this position she had to jump on it. Ms. Jaffe stated PBT is such an amazing and beautiful company with a huge repertoire. Ms. Jaffe looks forward to doing projects with Mr. Orr and taking the Company forward in a difficult time. Ms. Jaffe is excited to move into this new era with the Board Officers and alongside Harris Ferris.

Other Business -

Becky Torbin, Jim Crockard and Michael LaRocco shared heartwarming sentiments regarding Terrence S. Orr's artistic direction and leadership over the past twenty-three years.

The entire Board of Directors gave a round of applause for Terrence S. Orr.

Adjournment -

There being no further business the meeting adjourned at 5:30 p.m.

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Submitted by, Harris Ferris

Approved by, Betsy Teti