

# PITTSBURGH BALLET THEATRE

Meeting of the Board of Directors

Wednesday, February 16, 2021

4:00 p.m. - 5:00 p.m.

Via Zoom

## Meeting Minutes

Board of Directors in Attendance: Mary McKinney Flaherty, Rich Beaty, David Tuthill, Dona Hotopp, MelonieNance, Peggy McKnight, Jeanne Gleason, Betsy Teti, Kathleen Miclot, Deb Dermody, Geoffrey Bond, Sarah Pietragallo, Kara Brown Davis, Doug Kreps, Shelley Taylor, Dawn Fleischner, LeRoy Metz, Ayana Teter, Connie Cesario, Celia Gerard, Micheal LaRocco, Senator Camera Bartolotta, Barabar Cotrell, Susan Cruz, Vincent Silvaggio, Mary Finger, Rennick Remley, Winthrop Watson, Sandra Nicholas

Board of Directors Not in Attendance: Edwin Beachler, Carolyn Byham, Jay Costa, Natalie Mihalek, Richard Rauh, Guy Reschenthaler, Lisa Saperstein, Vincent Silvaggio, Hillary Tyson, Joseph Vincent, Vonda Wright, Beth Brown, Philip Barr, Austin Davis, James Crockard, Steffie Bozic, Dena LeMar

PBT Leadership in Attendance: Harris Ferris, Susan Jaffe, Jay Romano, Denise Mosley, Kathryn Gigler, Liana Pears, Lauren Carlini, Aaron Rinsema, Janet Campbell, Curtis Dunn, Margie Grundvig

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## Call to Order, Welcome, Approval of December 15, 2021 Minutes -

Mary McKinny Flaherty called the meeting to order at 4:03 p.m. and reviewed the mission statement. During this meeting we will talk about lots of beginnings at PBT. We'll hear about an exciting new opportunity with Point Park University for our PBT graduate students and all our dancers, the beginning of a new partnership with Carnegie Museum of Art, formally approving the 2022-23 season, an update on the new strategic plan 2022-25 strategic plan, welcoming a long term leader of this organization in new role as a Board member, and the beginning of a transition to a new role for our executive director of sixteen years, Harris Ferris. Mary reminded everyone that even though the baton will be passed later this year we are still all on the same relay team headed towards the same finish line as we shift into different roles and positions.

## Approval of December 15, 2021 Board of Directors Meeting Minutes

Dona Hotopp made the motion, second by David Tuthill, to approve the December 15, 2021 Board of Directors meeting minutes. Passed.

## Remarks - Harris Ferris

Harris Ferris said that it's his sincere belief that now is the right time for this transition. There's nothing more powerful than an idea whose time has come and during his time here many powerful ideas have come across his desk. He can sense when a good idea has come and this is one of them. He knows that this Board will work hard to ensure a successful transition. He'll step down in June, but remain in an advisory role afterwards where needed. Before the end of the fiscal year there are still several remaining goals to be accomplished. Harris desires to set up the best future for Susan and the next Executive Director through long term fiscal stability. He acknowledged the importance of clear communication with stakeholders to maintain the strong relationships that have been built over the years. He's sent out personal notes along with phone calls always with a positive expression of this transition and gaining more support for the Live Music appeal. Another goal is completing fiscal projections for the current year as this is about a \$2M in surplus that's projected if we finish this year on target, but of course there is additional funding that still needs to happen as well. The Live Music Appeal is currently at \$5M with a \$6M goal, so completing this by the end of the fiscal year is certainly in reach. We plan to hold a tribute for Dr. Fu at the Friday, May 13 performance of *Swan Lake* and then on Saturday, May 14 we'll be honoring a beloved ballerina who will be taking her final bow. On June 10th, 11th, and 12th will be the reprise of Open Air at Allegheny Shores with a partnership with the Mosites Company. Harris hopes to host the orchestra during this three day festival and use this as a forum to cherish our orchestra and close the gap on the Live Music appeal. We have a successful transition of Hartwood Acres where the School will now be the featured entertainment and this long standing event will be moved to June 26. Strategic Planning for the new 2022-2025 plan is going well. The approval of the 2022-23 budget will be

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happening soon and we're working diligently to make this a balanced budget. He also plans to take time to coach, train, and support the leadership team. We have amazing people in place on the executive team that make my job easier and will certainly help with a smooth transition to a new executive director. We've secured \$3.5M for the new *Nutcracker* to premiere in 2024. There is an opportunity for another \$2M gift before the end of the fiscal year. This is thanks to LeRoy Metz opening up this relationship with an important foundation. While PBT is in a great financial position now, we still need to rebuild earned revenue for the School and subscriptions. One thing to consider is inflationary pressure on wages. We want to invest in branding which is an important part of launching the new vision that Susan brings as well as determining a long term solution for the warehouse. The new *Nutcracker* brings many new opportunities including, if well managed, a spike in ticket sales with the premiere as we say goodbye to the old *Nutcracker* and hello to the new. There are also possibilities through deployment of the Sam 450. Liberty Ave is slated for Commonwealth investment and expansion and we secured a long term lease for Denny square so PBT can continue to develop a bigger campus. The collaboration with Mosites is a \$1.5M investment and they are eager for us to be an anchor for whatever's envisioned at this site. Finally, there's an opportunity for Board development. This organization will want to continue to increase its fundraising capacity, which is oftentimes a function of the ability that exists on the Board. One last note that Harris mentioned is that the feedback from the group in strategic planning has been interesting to hear. There is a deep desire to focus on internal strength and power within the organization itself, and bringing people together around the mission and who we are. Harris recognizes that he is the type of leader that is about expanding our footprint across the region, sometimes to the exhaustion of others, there is a real desire to pull in and support the community that PBT truly is. As he's stepping away from this community he would say to continue to build the strength of this internal community since that will be the power to build PBT to its next level.

## Governance Report - Kathleen Miclot and Melonie Nance

Kathleen Miclot began the governance report. Jim Crockard nominated Janet Campbell to be a part of the Board. Everyone on this call is aware of how long Janet has been an employee of the ballet and an integral part of every production we put on. Also she and her husband are huge supporters and donors to this organization. Kathleen met Janet shortly after she came on the Board and worked with her on the Ball where Janet educated Kathleen on costuming and amazed and excited Kathleen with her ideas. Kathleen is very happy to put her name forth as a nominee to be a member of this Board.

Melonie Nance added that when the Executive Committee voted on Janet's membership no one was able to type their approval fast enough since we were all so supportive of her nomination. We are blessed to have had Janet working with this organization for so many years and we are so excited to have the opportunity to continue working with her.

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Kathleen quickly noted that when she talked to Janet in January she was very excited and that level of enthusiasm and amount of experience are qualities we want in a Board member. Kathleen Miclot made the motion, second by Melonie Nance to approve Janet Campbell for PBT Board membership. Passed.

## Strategic Planning Update - Winthrop Watson

The team is making excellent progress. Starting in the fall there have been a series of structured discussions with consultants from ClearSpace. PBT leadership has been working on taking those ideas and narrowing them down into a set of priorities for the organization. A couple weeks ago Dena, Winthrop, and Mary met with Harris and the team where we received a draft update that is in good form. The next step for them is to polish and refine the draft based on our feedback. There will be a meeting of the Strategic Planning Committee to approve their objectives, but Winthrop thinks that people will be happy with what they see. Many of the key objectives from previous years are moving forward as well as new objectives that are being clarified to be more specific. Finally Winthrop noted that we're happy to have Susan here and she's been forming her ideas which are working their way into the plan and he's excited on how that's playing out.

There were no questions on the strategic planning update.

Before the financial report everyone congratulated Janet and relayed their excitement for her to be a part of Pittsburgh Ballet Theatre in this capacity. Janet is very grateful and honored to be a part of the Board.

## Financial Report - Rich Beaty and Jay Romano

Rich Beaty gave the report on behalf of Jay Romano.

### *January 31, 2022 Financials and Cashflow Report -*

#### *Statement of Financial Position -*

Rich presented the January 31, 2022 financials and cashflow report. Starting on page 13 of the packet is the financial presentation. The Executive and Finance Committee went through these numbers as well as the 2022 - 23 show P&L earlier in the month. In this presentation you can see the difference between the restricted cash balances. One thing we've broken out into its own category is the Live Music appeal. We have approximately \$4M in combined cash and about \$2.4M of that is in the Live Music appeal. Adding in the endowment brings the total to \$10.5M. We are down somewhat from our last presentation, but to provide some perspective Rich compared the numbers from 2020. Prior to the pandemic we had a balance sheet that was \$21M in total assets, about \$500,000 drawn on credit, and the endowment was just under \$9M.

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Fast forward another year to February 2021 at this same time the balance sheet was at \$25M in total assets. Some of the contributing factors were substantial government support and the addition of the mobile stage. And so, the balance sheet grew to where we are today. Currently we're sitting on a \$28M balance sheet and all of this is aligned with what we're trying to accomplish with the strategic plan.

Dona Hotopp asked if the Live Music fund is listed as unrestricted or temporary unrestricted. Rich answered that under endowment assets there is a separate category that reads Live Music appeal.

Lastly Rich noted that the line of credit is \$835,000 that will be reimbursed through RACP. This reimbursement will happen soon and all at once. The remainder of the funds will be used for office renovations.

## *Statement of Activities -*

Revue has been negatively impacted predominately through ticket sales; however, *Nutcracker* ticket sales were strong. A decision was made to cut a couple of days at the end of *The Nutcracker* run this year and going forward. This decision proved to be a prudent one, especially when factoring in the omicron variant. Susan added that we were able to fill the houses with more people per performance. We did have about \$50,000 in additional costs due to testing and covid protocols. Overall it was a strong run and she thinks we should consider keeping the shorter run time. Two additional performances were cut due to the pandemic, but we're looking forward to having more people in seats for a single show so that we're doing huge amounts of performances with very few audience members. We're also thinking of ways to promote balcony seating, which Susan believes are fantastic seats since you can see everything. There was a lot of emotion and excitement around *The Nutcracker* that you could feel from the audience. Rich mentioned that at the end of *Nutcracker* several dancers were impacted by Covid and we wouldn't have been able to perform the final two days of performances, so cutting those last two days worked in our favor.

## *Statement of Cashflow -*

We do have a strong balance sheet, but there are still several considerations to be mindful of moving forward. Besides *The Nutcracker*, Ticket sales have fallen short of what we had projected which was already a discounted number from the beginning of the year. School revenue is also down even after we lowered the projections by about 10% of pre-pandemic levels. Even though we have a strong balance sheet, we will be stress tested here. The management team is working diligently on the 2022 - 23 full budget. The inflationary pressure is there as well as cost pressures that need to be addressed. With the inflation we will be looking at ticket prices in order to get the revenue line right.

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## *FY 2022-23 Show P&L Presentation and Approval - Rich Beaty*

Rich presented the FY 22-23 presentation beginning on page 18 that shows the ticket sale assumptions per show. We've projected a total of \$2.6M in revenue for the full year, which lines up with what we've done recently in terms of total production projected for this most recent budget but still short of pre-pandemic levels. The next page details the per show P&L and the various impacts as it relates to sponsorship revenue and our plan to get through our net proceeds of \$442,000. Page 19 lists the direct expenses and their impact on the budget for the 2022-23 season.

Mary noted that a preliminary production budget was presented to the Board in December and since that meeting the team worked to revise it. After the revisions it went before the Executive and Finance Committees where it was approved. The changes that were made include: 1) cutting nine performances of *Dracula* to four because of uncertainty around ticket sales and 2) additionally funding was secured for the season. Since it was approved by the Executive and Finance Committees we are now presenting it for full Board approval.

LeRoy Metz made the motion, seconded by Doug Kreps, to approve the 2022 - 2023 season production budget. Passed.

Mary asked Rich and Melonie to briefly introduce the executive search. Rich said that they're working with Management Consultants for the Arts (MCA). They've received a draft of the plan for a potential hire of the executive director in June. Dr. Melonie Nance mentioned that they're finalizing the committee that will be involved in the selection process. She encouraged everyone as members of the Board to communicate with her and Rich as much as you'd like as we go through this process. They welcome any comments, questions, and will make themselves available throughout this process and will provide updates as well.

Mary thanked Melonie and Rich and reminded everyone that MCA brought us Susan Jaffe. As said before, this will be an inclusive process with internal interviews, contact with board members, contact with staff, and other key stakeholders to ensure we're addressing all the key issues.

Dawn Fleischner asked about the Director of Development position. Since MCA is also performing this search will the Director of Development search be placed on hold until the next Executive Director is hired? Will the new Executive Director have a hand in hiring the next Director of Development? Mary answered that yes that is the hope. It will most likely be that the executive director hired will be involved in the Director of Development search since they work so closely together, but they are still happening in tandem.

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## Artistic Director Report - Susan Jaffe

Susan Jaffe began her report by expressing her appreciation for working with Harris. He has tremendous energy and ideas. She has had lots of fun working together, dreaming, coming up with ideas, and has learned a lot from him. She is grateful for everything she's learned and grateful for leadership of this organization. She has no doubt that he'll be onto a new adventure soon with great success, and she wishes him the best in his new adventures.

She and Bob have been going through about 30-40 apprenticeship applications a day. She's looking at eight of them seriously, and while everyone is very talented she is only able to take one female and one male apprentice. March 16 is the last day to submit an apprenticeship application.

This week Susan is teaching in the School, which has been a wonderful experience for her so far. The students are working on *Swan Lake*. She commented that the students are looking beautiful and there are some potential apprenticeship candidates in the School.

She is in the initial stages of the Carnegie Museum partnership. They are working through the details of what the lectures will look like, how the tickets will be paid for, and the marketing strategy. The goal is to start these lectures next August or September with four different programs featuring the amazing choreographers we have for the 2022 - 23 season. Kati Gigler is working with the Director of Education at Carnegie to explore the possibility of student performance around exhibitions. We hope to capture more of the museum goers that might not know about us and bring them into a deeper experience through dance.

Another exciting partnership to share is between PBT, PBT School, and Point Park University where we will have a joint BFA program. Point Park is giving us 83 out of 125 credits for the PBT School graduate program. Students are required to do two full years at PBT School. The complete BFA course can be completed in two years which would be two courses a semester and one summer or it can be completed over three years online as long as they are working with us for two years. If the Company wants to participate in the academics they are welcome to do so. They also have access to dorms and other facilities. Our students might not be able to fully participate, but can go watch rehearsals and participate in other activities as time permits. Everyone has been working very hard to organize everything and the MOU was signed two days ago.

Last week we had our first full week of rehearsals with the Company for *Swan Lake*. She is very excited with the material and choreography so far and the dancers are excited as well. She's incorporating some changes such as having the prince dancing with his aristocratic friends instead of peasants in the first act. Janet Campbell will be making the costumes. Curtis has done incredible work on adding production elements including a fog wall that will happen at

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the end of the fourth act. Susan's vision includes the swans turning back into maidens and the fog wall allows the stage to become opaque so the swans will disappear and then students will come in as princesses. Denise and the marketing team are preparing the marking materials and Susan is excited to see them come to life.

Next Susan shared that she is starting to work on future seasons. One production she is looking to see if PBT can afford is *Cinderella* for the 2023 - 24 season. This is the first time we're working this far ahead, which is exciting because we'll have a much longer vision as to what the future will entail.

Finally Susan shared that next week all the choreographers will be coming into the studio for *Here + Now*. Lois Wholey is working on the Live Music Appeal and they are working to have future donors come into the studios to see rehearsals to generate excitement.

There were no questions on the Artistic Director report.

## PBT School Report - Ayana Teter, Margie Grundvig, Aaron Rinsema

Ayana Teter began the PBT School report. As everyone knows the School has been meeting and overcoming challenges throughout the pandemic season. After a successful *Nutcracker*, they've headed into January tours for ISP. As we heard from Susan there is an amazing collaboration with Point Park University. She's going to turn it over to Aaron and then Margie.

Aaron Rinsema thanked Ayana and echoed the sentiment that there is a lot happening in the School. The current year programming includes new workshops, ongoing covid protocol management, spring program planning, and summer program preparations. Our national audition tour has been our primary focus. It just concluded last weekend. This year was a hybrid approach where we accepted video auditions, six Zoom auditions, and conducted 20 in-person auditions around the country. Through our hybrid approach 560 dancers auditioned this year as compared to 515 auditions last year. That audition campaign was entirely virtual with only Zoom and video submissions. In 2020 we had 760 dancers audition through in person auditions around the country plus a few video auditions. We saw a 9% increase from last year, but it's still a 26% decrease from 2020. We're headed in the right direction, but haven't quite reached that level of "normalcy." Also we're tracking a little slower and lower than previous years for ISP, but it's too early for now for any final projections. Registration for Children's and Student Divisions opens March 1 which is significantly earlier than past years. Another substantial area of planning is focused on the spring performance. We are resuming where we left off in the fall of 2019 when we had planned to perform for the first time at PNC Theater of Point Park University's Pittsburgh Playhouse. We have a week-long residency set there for the week of May 23. We have four performances slated starting on May 26 featuring the Student Division, May 27 also featuring the Student Division, and May 28 there will be two performances featuring the Pre-Professional Division.

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Margie added that she's excited to be opening up summer programming registration for the Children's and Student Divisions since we've been concentrating on rebuilding these two divisions through social media. Through the social media platform we hope to show what's happening in our studios so people feel engaged and like they want to come back. People are enrolling and we want to keep this momentum going with the earlier registration time frame. As Aaron mentioned, the spring show at Point Park is the first time we'll be there as a whole school. Pearl Lu will play live music for our Student Division pieces. We're working on another student choreographer piece for a performance on April 8. The Graduate students are excited to be in the studios with Susan for *Swan Lake*. The Point Park University partnership announcement will be made on Friday. She thinks that this will be great for young dancers to see. This collaboration aligns with how we want to contrate on the dancers as whole people and the tools that we can provide for them. The Hartwood performance at the end of our Company Experience program will gain huge momentum, especially after the dancers come here and get the experience of what it's like to perform on that stage. Finally Margie thanked Harris for what he's done for this organization and the School.

Mary thanked everyone in the School for their hard work and how they've navigated the School through the uncertainty of the past couple years.

## Adjournment -

There being no further business, Mary McKinny Flaherty adjourned the meeting at 5:01 p.m.

*Submitted by, Harris Ferris*

*Approved by, Betsy Teti*