

UTAH SYMPHONY | UTAH OPERA
SPECIAL BOARD MEETING
MARCH 24, 2020
MINUTES

Attended via video/teleconference: Julie Aiken Hansen, Jesselie Anderson, Doyle Arnold, Judy Billings, John D’Arcy, David Dee, Julie Edwards (musician), Kem Gardner, Brian Greeff, Stephen Tanner Irish, Tom Jacobson, Annette Jarvis, G. Frank Joklik, Andrew Larson (musician), Tom Love, Abigail Magrane (beginning with VII), Robin Milne, Henriette Mohebbi (Utah Symphony Guild), Judy Moreton, Dave Petersen, Frank Pignanelli, Gary Porter, Shar Quinney, Patricia Richards, Miguel Rovira, Joanne Shiebler, Mark Stratford (Onstage Ogden), Naoma Tate, Jim Tozer, Astrid Tuminez, David Utrilla (through VIII), and Thomas Wright attended from the Elected, Ex-officio and Lifetime Boards.

Guests and staff members attending via video/teleconference included: Katie Chandler (Tanner LLC – through III), Olivia Custodio, David Green, Steve Hogan, Renée Huang, Christopher McBeth, Todd McKinnon (Tanner LLC – through III), Jon Miles, Leslie Peterson, Jessica Proctor, Toby Tolokan, and Heather Weinstock. Julie McBeth was present to record the minutes.

I. Welcome and Consent Agenda: Board of Trustees Chair Tom Love welcomed the board members and thanked them for their time and commitment to USUO in this absolutely critical moment in history. Mr. Love asked if there were any questions or changes suggested for the two items forwarded for review as the consent agenda. Upon a motion duly made by Mr. Love and seconded by Mr. Joklik, the December 3, 2019 Full Board Meeting minutes and Resolution of Appreciation for William H. Nelson attached as the consent agenda were approved by unanimous vote.

II. Board of Trustees election recommendation: Nominating Committee Chair Thomas Wright highlighted the background and qualifications of Jason Price to be considered for board membership, detailed on page 6 of the meeting materials. Mr. Wright moved to elect Jason Price to the Board of Trustees with immediate effect. John D’Arcy seconded the motion, which passed by unanimous vote.

III. Audit for the fiscal year ended August 31, 2019: Todd McKinnon of Tanner Company LLC reported that he and his associates completed and issued a clean opinion on the audited financial statements prepared by the organization for the year ending August 31, 2019, included as pages 7-33 of the meeting materials. He noted that Tanner LLC is independent from the organization and did not encounter any difficulties working with the finance team at USUO, whose members they found to be straightforward and communicative. Katie Chandler from Tanner Company LLC then highlighted areas for the Board of Trustees to be aware of, detailed in the auditor’s SAS 114 and SAS 115 letters included as pages 34-41 of the meeting materials. USUO Audit Committee Chair Doyle Arnold noted that the committee met with Mr. McKinnon and Ms. Chandler on February 7, 2020 to review the audit in detail. He added that the meeting included an executive session, without management, in which the auditors expressed no particular concerns of note to the committee members. He moved that the board approve the audited financials for the Fiscal Year ended August 31, 2019. Ms. Richards seconded the motion and Mr. Love asked if there were any questions for Mr. Arnold or the auditors, there were none. The motion passed by unanimous vote.

IV. CEO Search Update: CEO Search Committee Chair Brian Greeff provided an update on the progress of the search for the next President & CEO of the organization. He noted that while the firm conducting the search continues to have conversations with potential candidates on behalf of the search committee, it would be likely that people in positions of leadership would be extraordinarily consumed by

the impact of coronavirus on their current organization in the coming weeks and that the possibility of in-person interviews would be impaired by travel restrictions and physical/social distancing. He concluded that both factors would likely slow down the progress of the search.

V. Music Director Search: Music Director Search Committee Chair Pat Richards noted the job description included in the materials on pages 50-51 and reported that there has not been a slowdown in the Music Director search progress because it is following a longer timeline and many of the guest artists who would be considered are scheduled to conduct during the 2020-21 or 2021-22 seasons.

VI. Finance Report: Finance Committee Chair John D’Arcy talked through the finance document on page 52 of the meeting materials, a comparison between the preliminary FY20 projection made in February and two likely scenarios: first, of not being able to present performances through the end of the winter season in May, and, second, of further not being able to present the summer season through the end of the fiscal year in August. He noted that, in the first case (unable to perform through May) the deficit was projected to reach \$3.7 million and in the second case (unable to perform through August) the deficit was projected to reach \$4.26 million. He highlighted that both scenarios outline a rather grim financial picture with unsustainable losses unless expenses were reduced, noting the organization’s biggest expense was salaries.

Mr. D’Arcy moved that the board confirm the Executive Committee decision made on March 18 to permit the organization to borrow from the Board Restricted Endowment up to \$1 million, pending any further action by the Board of Trustees to forgive said loan. He noted the purposeful use of the word “loan” because that was what was allowed in the Investment Policy Statement, but clarified that in the immediate or intermediate future, there was no prospect of loan repayment due to the expected reduced revenues and contributions. In answer to a question, Mr. D’Arcy indicated that USUO had some small part of the line of credit available for use, but that the Board Restricted Endowment—the only source of possible reserves—was down to \$4 million. He emphasized that, without taking the recommended action, the organization would run out of cash within the month. Mr. D’Arcy’s motion was seconded by Mr. Porter and Ms. Jarvis and, following a discussion regarding potential for an SBA loan or other government aid that might become available, passed by unanimous vote.

VII. Pandemic Plans / VIII. Musicians Report: Ms. Richards noted the Coronavirus (COVID-19) Pandemic Plan in the meeting materials on pages 53-59 and summarized events and responses over the previous few weeks related to the public health emergency, including the cancellation of performances between March 12 and 28. She continued that she had just received notice from the county that they were extending the closure of performance venues through May 15. She added that conversations with state officials as well as other orchestras and opera companies throughout the country, have made it apparent that it will be necessary to cancel the remainder of the winter season, which concludes May 23, 2020. She shared the Executive Committee recommendation that the Board of Trustees exercise the Right of Cancellation under Article 19 of the Collective Bargaining Agreement which, allows the cancellation of the remainder of a season, a portion of a season, or successive season. She proposed discussion of the economic impact of this action in executive session after a report by Senior VP and COO David Green regarding discussions with the orchestra committee over the previous few days.

Mr. Green noted that conversations with the orchestra committee chair and union steward had been collegial and conducted in a spirit of thoughtful help by all. He talked through two handouts that had been sent to the board members earlier in the day, the first, a summary of conversations and the exact wording of Article 19 from the CBA, and the second, a list of considerations that the orchestra requests the board keep in mind. Those considerations included: 1. That the musicians want to help (e.g. sharing videos,

collaborating with staff, communicating with patrons); 2. That major decisions about musician and staff retention and salary wait until government help is known; 3. That any aid not counteract government benefits; 4. That health, dental, and instrument insurance be maintained and suspension of instrument loan payments be considered; and 5. That Trustees consider making available emergency loans for the musicians and staff.

Mr. Love shared that the musicians report was included at this point in the agenda so that the board members would have a full picture of the situation the organization is facing to provide context for their remarks. Mr. Larsen and Ms. Edwards noted that the musicians had created an online forum to keep the full membership informed over the past few weeks and expressed how difficult, but respectful, those conversations have been. They reiterated the musicians desire to be helpful, highlighting a waiver to the contract to allow the broadcast of past performances on KBYU radio, and their hope that the board will wait as long as possible for word about potential governmental help before making major decisions about musician and staff retention and salaries.

Ms. Richards reported that for the productions already canceled and for concerts already purchased for the remainder of the winter season, the outstanding ticket return liability is approximately \$1 million. She noted that the Executive Committee recommends the following actions with regard to this: suspend cash refunds and offer gift certificates or exchanges for the summer or the 2020-21 winter season productions and encourage that patrons return those tickets as a donation. She added that utilization of gift certificates will reduce cash income for the subsequent season, so this may be more of a deferral than a total savings, but it would vastly facilitate the saving of cash currently and the interactions with many subscribers and ticket buyers who had tickets throughout the remainder of the winter series. Mr. D'Arcy moved to suspend cash refunds on tickets purchased and to offer gift certificates or the opportunity to donate the cost of tickets to the organization, instead. Ms. Jarvis seconded the motion which passed by unanimous vote.

Mr. D'Arcy moved that the Board of Trustees exercise its right of cancellation under Article 19 of the Collective Bargaining Agreement through the end of the regular 2019-20 season, May 23, 2020. Ms. Jarvis seconded the motion which passed by unanimous vote.

Ms. Richards stated that it is recognized that some government actions may be taken to provide relief to small businesses and, potentially, additional unemployment benefits to laid off workers. She continued that, because of this, the Executive Committee requests authority to act between board meetings and to modify whatever actions are approved by the board in order to maximize the benefits employees may receive or to take advantage of other relief for which the organization may qualify. She moved that the Board of Trustees authorize the Executive Committee, through May 31, to take such actions necessary to qualify the organization and its employees for benefits as may be provided by state or federal government. This would include authorization to change the compensation offered, layoff or reduce layoffs, apply for forgivable loans, or take any other actions appropriate to adjust to the changing situation and evolving legislation. The motion was seconded by Mr. Greeff (and later Mr. Arnold) and, following a short discussion to clarify the broadness (any action deemed necessary) and length (until May 31, even though a board meeting is scheduled for May 19), and that information about decisions made would be communicated to the full board, the motion passed by unanimous vote.

VIII. Other Business / Executive Session: Mr. Love asked if there was any additional business to discuss before adjourning to an executive session to discuss personnel matters. He clarified those remaining should include board members (with the exception of the musician representatives), Mr. Hogan and Mr. Green to provide information, and Ms. McBeth for technical support of the video conference. There being no additional business, staff members (with the exception of Mr. Green, Mr. Hogan, and Ms.

McBeth) and musician representatives left the conference and the remaining board members continued meeting in an executive session to discuss personnel matters.

In the executive session, Ms. Richards again referred to the finance report and observed that, in the most optimistic scenario, the \$3.7million projected deficit would largely exhaust the Board Restricted portion of the endowment and would not leave sufficient cash to open the 2020-21 season and see it through to completion. She noted that USUO's largest expense was salaries and that, in the absence of government emergency relief being proposed in Congress, it would be necessary to take action to furlough musicians. She added that was the only action that would have enough impact to conserve sufficient cash to survive the pandemic crisis and be ready to restart in the fall. In response to a question, she indicated that staff was fully utilized currently working through fundraising, marketing and planning issues and that she would bring back further recommendations on staff. Additionally, the board members discussed the possibility of setting up an emergency loan fund for employees, the funds for which would be given by board members. The following motion was duly made, seconded and unanimously approved.

Resolved, that the musicians of the orchestra be furloughed either without pay or with a small enough retention stipend to keep them eligible for unemployment insurance; that the organization continue to provide medical and dental insurance coverage to the furloughed musicians, as well as insurance coverage of instruments; and that the organization suspend payments on instrument loans for an indefinite period of time.

IX. Adjourn: The meeting adjourned at 4:56pm.

Minutes Recorded By:

Minutes Approved By:

Julie McBeth

Thomas M. Love, Chair