

**UTAH SYMPHONY | UTAH OPERA**  
**SPECIAL BOARD MEETING**  
**MAY 19, 2020**  
**MINUTES**

**Attended via video/teleconference:** Jesselie Anderson, Doyle Arnold, Doyle Clayburn (Utah Symphony Guild), John D'Arcy, David Dee, Julie Edwards (musician), Kem Gardner, Brian Greeff, Stephen Tanner Irish, Tom Jacobson, Annette Jarvis, G. Frank Joklik, Mitra Kashanchi, Andrew Larson (musician), Tom Love, Abigail Magrane, Brad Merrill, Judy Moreton, Dinesh Patel, Dave Petersen, Frank Pignanelli, Gary Porter, Jason Price, Patricia Richards, Miguel Rovira, Joanne Shiebler, Mark Stratford (Onstage Ogden), Naoma Tate, Thomas Thatcher, Jim Tozer, Astrid Tuminez, David Utrilla, Kelly Ward, Kim Wilson, and Henry Wurts attended from the Elected, Ex-officio and Lifetime Boards.

Guests and staff members attending via video/teleconference included: Michaella Calzaretta Conner Covington, Karyn Cunliffe, Olivia Custodio, Cassandra Dozet, Paula Fowler, David Green, Kate Henry, Steve Hogan, Kyleene Johnson, Annie Farnbach Jones, Christopher McBeth, Jon Miles, Alison Mockli, Leslie Peterson, Michelle Peterson, Jared Porter, Jessica Proctor, Toby Tolokan, Heather Weinstock, Andrew Williams, and Lyndsay Wygant. 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. He expressed that he hoped everyone had had a chance to review the agenda and meeting materials for what he anticipated would be a very full meeting. He asked if there were any questions or changes suggested for the minutes forwarded for review as the consent agenda. Upon a motion duly made by Mr. Gardner and seconded by Mr. Wilson, the March 24, 2020 Board Meeting minutes attached as the consent agenda were approved by verbal vote.

**II. Set additional meeting for fiscal year:** Mr. Love shared his recommendation to add a board meeting date before the end of the fiscal year since there was so much still unknown as it related to additional legislative support and how the fall season might look. He proposed Tuesday, August 4, 2020 for the meeting and noted an intention to include the company's Annual General Meeting as part of that agenda. He asked if there were any questions, then instructed Ms. McBeth to send an appointment.

**III. Authorize Executive Committee to act on behalf of the Board of Trustees until August 31, 2020:** Board of Trustees Vice Chair Joanne Shiebler moved that the board authorize the Executive Committee through August 31, the end of the current fiscal year, to take necessary actions to address the organization's changing situation, including the power to apply for loan forgiveness, furlough or layoff employees, apply for any new benefits or programs enacted by state or federal legislation, or any other action necessary to preserve and sustain the organization. Mr. Wilson seconded the motion and, following discussion to clarify that the motion was an extension of the authorization granted at the March meeting and to request that minutes of the weekly Executive Committee meetings be forwarded to board members to keep them timely informed of discussions and decisions, the motion passed by unanimous vote.

**IV. Ratify actions taken by the Executive Committee since March 24, 2020:** Board of Trustees Secretary Annette Jarvis directed the board members to page 6 of the meeting materials and read through the list of the actions taken by the Executive Committee since the March 24, 2020 Board meeting.

- 4/1/2020—Authorize Pat Richards and Steve Hogan, individually or collectively, to take all actions necessary to apply for the maximum borrowing amount allowed by the SBA Paycheck Protection Program authorized by the C.A.R.E.S. Act, as soon as the application was available.

- 4/8/2020—Upon funding of the SBA loan, to bring back all full-time musicians and include in payroll starting with the April 17th paycheck, if possible; to put substitute and extra musicians, stagehands, electricians, etc. on payroll representing canceled services; and to authorize a 401(k) contribution for qualified staff of up to 10%, if within forgiveness amount. Further motion to hire Ms. Richards as paid staff during the 8-week period of the PPP loan at a salary of \$100,000, as part of the funds obtained through the loan.
- 4/15/2020—Accept the generous offer of Dell Loy Hansen of a \$500,000 grant and a \$500,000 loan, with the loaned proceeds to be held in escrow pending clarification of the circumstances under which the loan could be forgiven at which time a decision would be made, by the Executive Committee, to either utilize the proceeds or repay the loan.
- 4/15/2020—Utilize \$500,000 of the non-forgivable portion of the Payroll Protection Loan to pay down USUO's line of credit at Wells Fargo and to simultaneously self-limit usage of the line to \$1,590,000 (currently \$2,090,000) until such time as some or all of the \$500,000 was repaid to Zions Bank [the potential PPP loan unforgiven amounts], at which time the line would be reinstated by the amount of the principal repayment to Zions Bank.
- 5/6/2020—Cancel scheduled performances through the remainder of the fiscal year (August 31, 2020).

Ms. Jarvis moved to ratify the listed actions taken by the Executive Committee since the March 24, 2020 Board meeting. Mr. Arnold seconded the motion and clarified why a portion of the PPP Loan was used to pay down USUO's line of credit. The motion passed by unanimous vote.

Ms. Richards provided background information from discussions with the Summit County health department regarding their intention to limit gatherings during the summer to 50 people total which led to the cancellation of the Deer Valley Music Festival. She additionally shared that the purpose of the statewide tour and other free summer performances was to draw big crowds that don't typically get to hear the Utah Symphony live and, since that could not be accomplished in the current environment, it was appropriate to cancel those as well. She moved that, following the cancellation of these events, the Board exercise the right of cancellation under Article 19 of the Collective Bargaining Agreement for the summer season through August 31, 2020. Mr. Wilson seconded the motion, which passed by unanimous vote.

**V. Finance Report:** Finance Committee Chair John D'Arcy talked through a report of the current fiscal year ending August 31, 2020 (included on page 7 of the meeting materials) which outlined two projected scenarios, one with no staffing changes that would create a \$1.993 million deficit before depreciation and one with severe staffing changes that would result in a small surplus of \$183,000 before depreciation. Mr. Arnold clarified that if funds were transferred from the endowment to balance the budget, it would likely result in a going concern qualification to the audit opinion.

Vice President of Finance and CFO Steve Hogan presented a document (included on pages 8 and 9 of the meeting materials) which outlined three possible scenarios for the next fiscal year (ending August 31, 2021) to show the impact of various delays in the date at which performances might begin, as well as that of possible restrictions in the permitted audience sizes at Abravanel Hall and the Janet Quinney Lawson Capitol Theatre. He shared that the scenarios most clearly indicated that there was additional work to be done to identify savings and increase contributed revenue in order to avoid an unrecoverable deficit. The board members asked clarifying questions and noted the importance of finding some way to perform that would retain employees and help the organization remain relevant to the community.

Mr. Hogan noted that insurance coverage renewals would need to happen soon and presented a list of current coverage and carriers along with costs and AM ratings (included on page 10 of the meeting materials), noting a recommendation from the Executive Committee to investigate the cost of increasing D&O coverage to \$5 million. Mr. Porter moved to accept the proposed levels and to authorize staff to secure insurance for the next year. Mr. Arnold seconded the motion, which passed by unanimous vote.

Mr. Hogan requested that board members take time to review the draft tax return for the fiscal year ended August 31, 2019 and to contact him with any suggested edits or a notification that their review was complete before the end of June, at which time he intended to file the return.

**VI. Development report / Boards on Fire:** VP of Development Leslie Peterson noted that since the cancellation of performances beginning in mid-March, the only connection that USUO had been able to have with donors was through digital music distribution, emails, note cards, and phone calls. She continued that due to the anticipated limitation of audience size when performances resume, fundraising was going to be more critical than ever before. She shared that the development staff had put together a COVID-19 Relief Fund plan and expressed gratitude to Dell Loy and Julie Aiken Hansen for their lead gift of \$500,000 to the fund. She invited board members to consider what they might be able to contribute on a personal significant level as well as how they might be able to leverage their networks to support USUO. She added that board leadership in contributions at this time would send a strong message to the community of the priority that they've personally placed on Utah Symphony | Utah Opera, and would inspire other donors to contribute generously.

Several board members shared stories of their personal plans for increased giving and leveraging their support through vehicles, like employer matching plans, and encouraged 100% participation by the board to strengthen the case for support to the community. Ms. Jarvis relayed some strategies for board support of fundraising in the time of COVID from a webinar with Susan Howlett, who conducted the January board retreat. Those strategies included board members taking active roles in thanking supporters and asking for advice, which tends to lead to contributions as people feel personally heard and appreciated. The board members extensively discussed the importance of supporting organizations crucial to the identity of the community, like USUO, to ensure that the community will still have access to the art (which is so important to emotional healing) on the other side of the pandemic. They made multiple suggestions regarding the types of information potential donors would likely want to know when considering supporting USUO's COVID-19 Relief Fund campaign, including what performances might be possible. Ms. Richards talked through many factors that needed to be considered for audience and performer safety and shared that much additional discussion with various parties needed to happen to determine what might be possible for performances in the coming season.

**VII. Endowment report:** Investment Committee Chair Doyle Arnold noted that an endowment report would typically be given in the fall following the end of the fiscal year, but was on the agenda for the current meeting to provide a picture of company resources given the state of the economy. He talked through two reports, one report that outlined the ebb and flow of the USUO Endowment since March 2019 (included on page 11 of the meeting materials) and another report that outlined changes since September 2019 in liquidity available through the Board Restricted Endowment (included on page 12 of the meeting materials). He reminded board members that \$1 million was borrowed in March from the Board Restricted Endowment to cover operations affected by the shutdown of performances and that a 2/3 majority of the board vote would be needed to forgive that loan if means of repayment was not identified. He concluded that, unless drastic changes were found for the following fiscal year projections, there would not be enough liquid assets to financially survive that fiscal year.

**VIII. Interim CEO report:** Ms. Richards noted that much of the information she was planning to report had been shared during other portions of the meeting. She asked Mr. Miles to provide an overview of the 80<sup>th</sup> Anniversary celebration for the symphony that would premiere that evening and strongly encouraged board members to watch it and share with their networks. She highlighted additional projects, including a world premiere composition by Augusta Read Thomas, that would be released in the coming weeks.

**IX. CEO Search report:** CEO Search Committee Chair Brian Greeff shared that the search had progressed despite the recent dramatic world changes. He relayed that since January, the search firm hired by USUO had identified 300 prospects, made personal connections with 170 of those, and presented 19 on paper to the search committee which chose 7 to interview via video conference. He continued that extensive video interviews with three finalists (involving members of the Executive Committee, the senior leadership team and artistic leaders, musician representatives, and the CEO Search Committee) were taking place through the end of the month. He noted some uncertainty regarding how to finalize the search considering that an in-person visit to Utah would be advisable before any final decision.

**X. Musicians report:** Musician Representatives Andrew Larson and Julie Edwards provided some insights into the making of the video projects that the musicians had been releasing online and recognized the work of the task force made up of musicians, Thierry Fischer, and staff members to brainstorm and execute those projects. They thanked the board members for their encouraging and supportive remarks shared in the development portion of the meeting and affirmed the orchestra's commitment to work with management in the coming months and into the future.

**XI. 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, then the board members continued meeting in an executive session to discuss personnel matters.

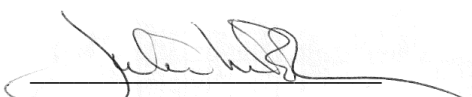
During the executive session, the following two motions were duly made, seconded, and unanimously approved.

Resolved, that when the PPP loan funding runs out, the organization furlough all of the musicians and enact staff furloughs and salary reductions in the range of 20-25%.


Resolved, that management be authorized to begin discussions and request to open negotiations with the musicians' union for changes to the CBA as may be deemed advisable to conform to the difficult situations enforced by the pandemic including, but not limited to, the areas of compensation, numbers of positions filled, and flexible work rules.

**XII. Adjourn:** The meeting adjourned at 5:11pm.

**Minutes Recorded By:**

  
**Julie McBeth**

**Minutes Approved By:**

  
**Thomas M. Love, Chair**