

CHAUTAUQUA INSTITUTION BOARD OF TRUSTEES
8:30 a.m., Saturday, November 6, 2010
Bellinger Hall, Chautauqua Institution, Chautauqua, NY

Minutes

MEMBERS PRESENT

George Snyder - Chair
Chace Anderson
Jill Bellowe
James Brady
Kathy Clingan
Laura Currie
Jennifer DeLancey
Henry Foltz
Barbara Georgescu
Don Greenhouse
Ron Kilpatrick
Katie Lincoln
Candace Littell
Stan Lundine
Jack McCredie
Salvatore Martoche
Greg Miller
Pete Pedersen
Steve Percy
Jason Phillips
Tim Renjilian
John Viehe
Donna Zellers

MEMBERS ABSENT

James Groninger
James Pardo

OTHERS PRESENT

Sherra Babcock
Sebby Baggiano
Rindy Barmore
Tom Becker
Hugh Butler
Joan Campbell
Doug Conroe
Geof Follansbee
Charlie Heinz
Marty Merkley
George Murphy
Sam Price
Bruce Stanton
Mike Sullivan
Jack Voelker

I. MINUTES

On motion made, seconded and carried, the minutes of the August 28, 2010, meeting of the Board of Trustees were approved as amended.

II. Fundraising Task Force Report

Ms. Lincoln, chair of the Fundraising Task Force, shared with the board the philanthropic Campaign Plan. The campaign will raise funds to attain identified objectives within the five strategic areas determined by the Board of Trustees. In doing so, the campaign will seek to: 1) communicate and develop within the Chautauqua community an understanding of the vision for Chautauqua's future; 2) Deepen the appreciation of the role of philanthropy to ensure the sustainability of the Chautauqua experience and to accomplish our shared vision; 3) identify and cultivate a larger pool of gift prospects; 4) identify and engage new volunteer leaders and; 5) generate enthusiasm throughout the Chautauqua community in the pursuit of a common effort. The campaign will seek gifts

in the annual fund, endowment and capital. It is projected that the campaign will run from five to seven years based on the success in the lead gift stage of the campaign and is projected to commence on March 1, 2011. At this point, there is no total campaign goal due the fact that the cost for many of the capital projects have yet to be determined (i.e. Amphitheater). A Board Leadership committee made up of members of the Foundation and the Institution will be created to solicit members of both boards. It will be the expectation in the recruitment of any members to either board that they will participate in the campaign at a level that is commensurate to their ability. As part of this effort, the minimum giving level for membership into the Bestor Society will be increased to 3,500. A new gift club with defined and high visibility benefits will be established to incorporate donors whose gifts range from the current Bestor level of \$2,000 to \$3,499.

The Foundation Board of Directors and the Development have reviewed the campaign and recommend its adoption to the Board of Trustees.

On motion made, seconded and carried, the Board of Trustees approved and endorsed the Campaign Plan.

III. Report of Chairman of Board

Mr. Snyder welcomed Candace Littell, newest member of the board and Hugh Butler, President of the Chautauqua Property Owner's Association.

The Executive Committee met on Thursday to discuss the agenda for the February meeting of the board. The agenda will have a three part approach to the strategic discussion. There will be a focused discussion on brand management and financial sustainability as they relate to the strategic plan; education and discussion on three issues including: Storm Water/Drainage Management Plan, Land Use Philosophies, and the History of the Architectural and Review Board; and finally a review and discussion of the vision for the property around Route 394.

Mr. Snyder referred to a letter in the board's material from Mr. Jeffrey Simpson regarding the renovation of the Amphitheater. He noted that no design has been determined at this point. The board will discuss this process further in February.

A task force is being created to review the Architectural Review Board Regulations. They will look at the philosophical issues in the regulations and then a potential rewrite of those regulations. Mr. Bob Jeffrey will head that task force and will participate in the February retreat.

Mr. Snyder asked the board to complete the Conflict of Interest, Code of Ethics and Confidentiality Policies and submit them to Ms. Barmore.

IV. President's Report

Mr. Becker introduced Mr. George Murphy, Chief Marketing Officer & Vice President of Brand Management, who presented a marketing and brand plan. The PBS film will be televised in January 2011 and selected premiers are being conducted in various cities

including, Cleveland, Buffalo, Washington, Erie and Jamestown. In addition, individuals have come forward to host premier events at their home on the evening of the national premier of the film. Material will be provided to each of the hosts on Chautauqua and packages for those individuals attending. The plan includes four initiatives over the next 60 days. Those include: prepare Chautauqua Institution for the January PBS special; develop a positioning for the Institution brand consistent with the strategic plan; develop a marketing framework for ongoing initiatives focused on revenue growth and brand awareness; and identify scalable digital programs for extending the Chautauqua experience beyond the nine week season. Mr. Murphy discussed the details behind each of the initiatives.

Mr. Becker referred to a video clip that the Program Policy reviewed at its meeting yesterday. The clip was created to send to potential speakers via e-mail when inviting them to speak at Chautauqua. The video highlights national speakers who have spoken at Chautauqua.

V. Committee Reports

Asset Policy

The Asset Policy Committee discussed the projected 2010 year end financial results. The Consolidated Earnings and Cash Flow statements reported a projected gain from operations before capital spending of \$2,817,000 compared to a budget of \$2,731,000 or \$86,000 ahead of budget. Actual year end efficiencies may impact final year end results. A positive impact could add \$100,000 to \$150,000 to year end projections. Overall earned revenue is projected to beat budget by 1.0%. The Institution's direct expenses are projected under budget by \$180,000, after adjusting for volume related and fully funded, but not budgeted expenses.

2011 Ticket Pricing & Fees

The committee reviewed the 2011 ticket and pricing fees and recommends their approval to the board.

On motion made, seconded and carried and upon the recommendation of the Asset Policy Committee, the Board of Trustees adopted the 2011 ticket and pricing fees.

2011 Budget Capital and Operating

The Asset Policy Committee met by phone three times prior to its meeting yesterday to develop the 2011 capital and operating budgets.

On motion made, seconded and carried and upon the recommendation of the Asset Policy Committee, the Board of Trustees approved the 2011 Operating Budget.

On motion made, seconded and carried and upon the recommendation of the Asset Policy Committee, the Board of Trustees approved the 2011 Capital Budget.

Standard Resolutions

Upon the recommendation of the Asset Policy Committee and on motion made, seconded and carried, the Board of Trustees approved the standard banking resolutions.

Revised Garden Policy

Mr. Follansbee presented revisions to the current Garden Policy which was adopted by the Board in August, 1996. Revisions to the policy call for the elimination of an outside professional to evaluate the gardens to determine if plantings, etc. need to be changed. Staff is confident that the internal staff is able to manage the maintenance and evaluation of the gardens and the outside professional is very costly with little to no benefit. The outside professional has not made any recommendations to staff regarding the maintenance of the gardens for the last several years. This provision was required by the previous policy and had to be conducted prior to the Foundation's payout to the Institution.

On motion made, seconded and carried, with one opposed (Ms. Georgescu), and with the recommendation of the Asset Policy, the revised Garden Policy was adopted by the Board of Trustees.

Purchase of Property

The Institution has received a proposal from a property owner to purchase property adjacent to their property. At the May 2010 meeting, the board authorized the President of Chautauqua Institution is to convey the property to with the understanding that it be restricted to the use of open space, that no vehicles, trailers, etc, could be parked on the property, and that the price shall be the higher of the two appraisals. Later staff learned that the intrusion to their parking was removed without the purchase of the property. Staff felt the board's approval for the sale of the land was contingent on the need for access to parking and therefore were no longer authorized to sell the property.

Since then, the property owners have asked to purchase the property for the purpose of using it as green space for use by their family. Mr. Price, legal counsel, has reviewed the proposal and suggests a special deed restriction be prepared and made part of the deed so as to insure that the lot shall remain open green space in perpetuity. The Institution will also require that the owner submit a landscaping plan for approval prior to closing. Should this owner or any future owner wish to make a material modification to the plan, they would need the written consent of either the Board of Trustees or the President in order to undertake these modifications. It is the recommendation of the staff that the property be sold with the restrictions noted by legal counsel.

Upon discussion and on motion made, seconded and carried, with two opposed (Mr. Don Greenhouse and Mr. Greg Miller), and upon the recommendation of the Asset Policy Committee and staff, the Board authorized the President of the Institution to proceed with the sale of the property with limitations in the deed which would insure that the lot shall remain open green space in perpetuity; the owner submit a landscaping plan for approval to the President prior to closing; any future material modifications to the plan would need written consent of either the Board of Trustees or

the President and would allow the Institution to install underground utility lines across the property should the need arise in the future.

Hagen-Wensley House

During the renovation of the Hagen-Wensley House, major structural issues were found which would require a redesign of the plans, additional costs and a revised check-list. The redesigned plans and costs are not yet known; therefore the check-list can not be submitted at this time. The Asset Policy has agreed to have the Executive Committee meet by phone to review and potentially approve the check-list in late November. Mr. Becker discussed the structural issues in detail.

Audit Committee

The Audit Committee met to review the 2010 audit plan from BWB. The administration and the committee are pleased with the work of BWB and will continue their relationship with them. In addition they reviewed reports on endowment compliance, the risk schedule from 2007 to the present and discussed the potential for an audit of the Institution's Pension. The committee decided an outside audit of the pension plan is not necessary and will be done internally with a small group of the members of the Audit Committee. Several changes were made to the risk schedule and the committee will continue to review the various issues noted in the schedule.

Nominating & Governance

Mr. Lundine reported that there are currently four vacancies in the class of 2011. The committee discussed candidates for those vacancies and expects to announce those candidates to the board at its May meeting. He noted that there are excellent candidates for 2011 and future vacancies. The orientation process for these candidates will be intensified due the current strategic and campaign plans. The committee also received the summary reports of the renewal interviews of those Trustees whose terms were up for renewal in 2010 and reviewed the summary of the board evaluations conducted earlier this year. The Board Evaluation Summary will be shared with all members of the board via e-mail and the committee chairs will be asked to review the report for issues that may relate to their specific committees.

Program Policy Committee

The committee viewed a power point presentation related to the program aspects of the current strategic plan. The presentation included a set of goals for each of the points in the strategic plan and those goals will be the focus of the committee's discussions going forward. Ms. Bellowe discussed the details of each of the goals. In addition the committee received reports on the 10:45 lecture evaluation, the 2010 performing and visual arts, the 2010 youth and recreation programs, and an update on the 2011 program. A video clip was also shown which will be used in the invitation process to potential speakers.

Development Council Report

Mr. Phillips, chair of the Development Council, noted that the Council met last week in Pittsburgh. The Council reviewed the fundraising reports, discussed the *Chautauqua In-*

Depth initiative, received the Fund Raising Planning Task Force Report, discussed a communication plan for fund raising presented by Mr. Edwards of the Art and Science Group and received the Marketing and Brand Plan from Mr. George Murphy.

VI. Chautauqua Foundation Reports

The Chautauqua Fund is currently running \$9,000 behind last year at this time. As of September 30, 2010, eighteen new planned gifts have been committed. Solicitations made by the Planned Giving Committee are in process and committee members continue to make solicitations in the off-season. For the six months ending September 30, 2010, the Foundation received \$1.8million in cash and cash equivalents for endowment (excluding the Chautauqua Fund.) Approximately 73% (1.3million) of the total endowment contributions received were from three donors.

Mr. Percy reviewed the investment results noting that for the period ending September 30, 2010, the endowment stood at \$49,310,294. The School Account for that same period totaled \$1,042,401. The Foundation is also discussing the affect of UMIFA as it relates to the funds it holds. He noted that there will be two vacancies on the Foundation Board.

VII. Other Business

Mr. Becker announced to the board that Mike Sullivan, Director of Institution Relations & Public Affairs, will be retiring at the end of the year. Mr. Sullivan has been a key staff person for the last several years and has been very involved in the Jamestown area. The Board recognized Mr. Sullivan for his years of service.

VIII. Executive Session

On motion made, seconded and carried, the board went into executive session, inviting Mr. Price, Mr. Miller and Mr. Becker to participate.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Rindy S. Barmore
Corporate Secretary
Chautauqua Institution Board of Trustees