

The Audrey Herman Spotlighters Theatre

Board Working Session Notes

November 14, 2016 – 7:00 p.m.

Theatre Lobby

Present: Fuzz Roark, Alan Zemla, Michael Tan, Lucy and Jack Henningfield, Robert Heacock, Dawn Lewis, Carol DeLisle, Lydia James-Harris (quorum present).

Order of Business

The work session convened at 7:00 p.m.

Howard & Lexington Property/Read's Drug Discussion

Fuzz distributed copies of the Exclusive Negotiating Privilege and Right of Entry Agreement ("ENP"). Jim French explained that the purpose of the agreement is to give us, including our architects, access to the building. It also prevents the City from selling the property to anyone else. The agreement is for 120 days and the total cost is \$2,200, with the possibility to extend for 30 day periods (if granted) for an additional \$333 per period. Jim and Fuzz intend to negotiate the time from to 6 months. The ENP time period begins upon signature.

To get past the ENP, Spotlighters will probably incur costs of \$500,000. Dawn clarified with Jim that the theatre is working with the BDC. The theatre is responsible for \$1M of Commercial and General Liability Insurance on the property. Fuzz informed the board that the theatre currently has coverage that exceeds this amount, and should be able to add the additional location with little or no change in insurance premium. Alan clarified that the theatre will not have to pay the entire fee to Cho Benn up front for the architectural work.

Findings of Feasibility Study (Arts Consulting Group)

Dale Hedding presented the Feasibility Study, its findings and next steps. ACG talked to some of the top funders in the area for the arts. Dale walked through the Study, focusing on the reactions of these funders to the size of the project. Bottom line: the major funders consulted think that the current project is a reach for where Spotlighters is now. With more infrastructure, development staffing, and a more concerted visibility campaign, the Howard and Lexington Street building may be more feasible. Doing the work suggested here, with the

possibility of delay of the current potential property, may make an \$11M facility possible in the future.

Recommendations from the study (pp. 5-8):

- Identify Alternative Venue/Facility
 - may including partnering with other organizations
 - an opportunity that shares or lessens the risk to the theatre
- Develop Enhanced Communications/Marketing Plan
 - Raising awareness of the theatre's work
 - 3-5 year fundraising capacity building plan
- Increase Fundraising Capacity Significantly
 - Consider creating a full-time fundraising dedicated position
 - Taking the time to develop capacity

Carol asked how much would be the cost of the dedicated fundraising person and where would we find one. Dale suggested the possibility to partner an affordable employee with ACG. A person could be possible for \$30,000/\$35,000. There is more than one possible way to pay for the new position, including

- grant funding for the first few years (initial seed money)
- lower base pay with a feasible bonus structure
- starting a person at 2/3^{rds} time

[Jack suggested giving empty seats for performances to donors. Creating other opportunities for donors.]

Fuzz asked about the diversification of the board to include large funders, foundations. One of the questions asked by interviewees for the feasibility study was who were the corporate and funder representatives.

Fuzz asked Dale what he suggests are our marching orders.

- Discuss the venue issue (perhaps delay BDC)
- Establish a small task force to explore other options of venues, partnership opportunities
- Dale gave Fuzz a list of potential people to talk to for advice

Carol redirected attention to the lease deadline, December 31, 2019. There is a

possibility of a lease extension, but the issue will be the increased rent. The rental at commercial rate would be about \$102,000 per year, compared to \$15,600 currently. Fuzz thinks that he could start the conversation with the landlord soon, looking to extend the lease 2-3 years beyond. Carol also raised the issue of space at the Port Covington development, which had a community arts center included in its plan.

Minutes from Last Meeting:

Michael sent out the minutes from the board meeting on September 12, 2016. Alan moved and Nick seconded to approve the minutes from the last meeting. The minutes were approved unanimously.

Other Matters:

Alan apologized to the Board for the email that was sent to a local reviewer and was interpreted as coming from the board. He also offered to resign, if the board considers it necessary. The members of the board accepted his apology, and agreed that his resignation was not under consideration.

Financial Reports:

- Audrey Herman, spent \$9,000 and netted \$13,000.
- Slightly below on ticket sales. Subscriptions a little off from last year.
- Partner giving is down.
- Free Fall events were fun, but poorly attended.
- \$11,000 off budget in profits, expenses were below budget, so there is a net income of \$5,778.63 in the current fiscal year (9/1/16 – 11/14/16).
- Cyber Tuesday, United Way Giving Campaign, and Amazon Smile were mentioned as potential ways to encourage giving to Spotlighters.

Profit and Loss Statement:

Fuzz distributed the final Profit and Loss Statement for fiscal year 2016. [See handouts.] The P&L showed a \$9,492 profit for the year. Ticket sales were \$10,000 more than budgeted. Income from program ads and subscriptions came in above budgeted amount. There were none of the usual small grants last year, but grant

income still exceeded budget.

Rob asked about souvenir costs/income. That line is mainly DVDs of shows and would also include t-shirts for shows, if done.

Fuzz is going to talk to Kathy about changing from cash to accrual accounting. This would put expenses and payments into the correct fiscal year (e.g. royalties paid months in advance of a show would be captured in the same year as income from the show).

Fuzz also distributed the year-to-date P&L. The spreadsheet reflects the first 12 days of the fiscal year. There is one large donation that will cover the costs of the Audrey Herman Celebration, which constitutes the profit showing at this point.

Show Report:

Fuzz distributed the current Show Report. [See handouts.] Tick, tick...BOOM! had ticket sales of \$6,734 . Overall, the theatre's 54th season averaged 40.63 seats per show, and \$67,533.00 of total mainstage show revenue, with an average ticket price of \$14.04.

In the current season, Marx in Soho has brought in \$2,800, with an average of 28.86 seats per show.

Education Report: Lydia submitted her Education Report (see handouts for details).

Working Session in December: There will be a working session on Monday, December 12, 2016.

The next board meeting is set for Monday, January 9, 2017 at 6:30 p.m.

The meeting adjourned at 9:14 p.m. (Alan moved, Dawn seconded, unanimously approved.)

Respectfully submitted,

Michael Tan, Secretary