

UTAH SYMPHONY | UTAH OPERA

FULL BOARD MEETING

JULY 22, 2010

MINUTES

Attendees: Pat Richards, Chair, Edward, R. Ashwood, J. Richard Baringer, Bonnie Jean Beesley, Blaine Carlton, Kathryn Carter, Howard Clark, John D'Arcy, Jim Gulbrandsen, Richard G. Horne, G. Frank Joklik, Kathy Knowlton, Pete Margulies, Ed Moreton, Chase Peterson, Joanne F. Shiebler, E. Jeffery Smith, Melia Tourangeau, Judy Vander Heide, Jim Wall, and M. Walker Wallace.

Kevin Bentz, Kirsten Broschinsky, Rebecca Buxton, Geoff Doiron, Kimberly Erickson, David Green, Steve Hogan, Jeannine Orr, Leslie Peterson, Ferenc Petho, and Toby Tolokan were in attendance from staff. Julie McBeth was present to record the minutes.

I. Welcome: Ms. Richards welcomed the Board members and thanked them for attending the meeting. She noted that several additional members had communicated their intention to attend so she would wait until more had arrived to present the Consent Agenda for approval

II. CEO Report: Ms. Tourangeau invited David Green to begin the CEO Report by introducing several new staff members who'd joined the organization in the past few months. Mr. Green noted there have been several gaps in staffing in the past year that have caused other staff members to carry an extra load. Between that and the additional human resources load of finding the right people to fill these positions, he was thrilled to be introducing now such fantastic new team members. **Rebecca Buxton** joined us in late June as the new Development Assistant and Abravanel Hall Office Manager following Monica Morgan's move to the marketing department. Ms. Buxton was last summer's Deer Valley® Music Festival Development Intern and because of this prior experience with USUO has been able to hit the ground running and make a real impact. **Ferenc Petho** was hired as a full-time Graphic Designer for the organization in late March of this year. He has already proven to be a valuable asset in this new-to-the-organization position. **Toby Tolokan** joined the team earlier this month as the new Vice President of Symphony Artistic Planning, a role that has been filled by Ms. Tourangeau and Mr. Green for the past year since the departure of Jeff Counts. Mr. Tolokan is well-respected in the symphony world and brings many years of experience to the organization. He's been working with Maestro Fischer, who is very pleased about his appointment, for the past several months on future USUO programming as he's completed his previous job responsibilities. **Cecile Forsberg** began July 1 in the newly created position of Orchestra Assistant Personnel Manager. Her hire completes the shift of how that area of company staffed following Llew Humphrey's departure -- previously one full-time office assistant and two part-time managers, it is now one full-time manager and one full-time assistant manager. She joins **Eric Johnson**, the Orchestra Personnel Manager, who has been with the organization for several months now and has had a positive impact on the support of the musicians and communication of orchestra issues with the staff. **Kimberly Erickson** has capably filled the role of Director of Operations for the past several months. She was previously with the Phoenix Symphony and is a good fit with the organization. **Geoff Doiron** has been with the development department since last fall as the Manager of Corporate and Foundation Giving working closely with Jeannine Orr. Mr. Doiron has already worked with many Board members but had not been formally introduced at a meeting prior to today.

Ms. Tourangeau shared that the 2010 Deer Valley® Music Festival began the previous weekend and is shaping up to be the most successful season to date. The opening concert had a revenue goal of \$125,000 and achieved \$185,000. This is comparable to the Tony Bennett and Jewel concerts of 2007, with 4,998 tickets sold (two short of the capacity allowed by Deer Valley Resort). She congratulated the marketing staff for their great efforts which have shifted to a less-traditional media for these shows and noted that 78% of sales for the opening concert were placed online. This Friday's *Disney in Concert* show is also expected to sell out and revenue goals should be exceeded, though these will be lower than the opening concert because ticket prices are geared toward families. Ticket sales are also tracking well for the Mormon Tabernacle Choir, Randy Travis and Music of Led Zeppelin shows. She invited all Board members to participate in some portion of the Festival and noted her hope to see all of them at one or more events this summer. She also announced that there are still foursomes available for the August 10th golf tournament.

Montage Deer Valley committed to a \$50,000 challenge grant for new and increased donations to the Festival, a significant increase over their gift last year. The challenge grant has been promoted in all Festival materials like last year's successful challenge from the Perkins Prothro Foundation and has already exceeded goal.

Ms. Tourangeau relayed she reviewed results of the past several Festival seasons with Mr. Hogan and noted, on average, the Festival has garnered an attendance of 18,000-20,000 people and a net gain of approximately \$1 million per season. Last season, the net revenue was down from previous seasons, but that should be improved this season because of conservative guest artist fees. This won't be sustainable for the long-run, but as loyalty to the Festival is built, we should be able to invest more in artist fees.

III. LDS Church Foundation Challenge Grant: Ms. Peterson shared the great news that the 2009-10 Annual Fund Goal has already been met for the season. This is particularly exciting because it allows for the remainder of the year to be focused on closing the remaining gap in the Leadership Challenge (Board Balanced Budget Campaign). She noted the Leadership Challenge goal is well within reach, with only \$120,000 left to raise as of this morning. She thanked the Board members for their great advocacy this season and noted her belief that the remaining amount can be easily achieved with their help.

The very public support of the organization by the LDS Church Foundation through their challenge grant has been extremely helpful with the Leadership Challenge campaign. Bonneville created two beautiful public service announcements which will run on the screens at Deer Valley and on KSL throughout the month of August.

Ms. Peterson noted the inclusion of a list of prospects who've been approached for the campaign included with the meeting materials. She encouraged Board members to review the list and take on 2-3 follow-up assignments. She is happy to provide any support needed toward these efforts; for example talking points or an example of an eloquent letter created by Chase Peterson. She expressed appreciation for all the Board has already done and will continue to do. If the goal is met soon, it allows for focus further in the future and work on more sustainable contributions.

Ms. Richards shared that what the Board members, staff and musicians have accomplished together this year sends an exciting and encouraging message to the community. The organization is made up of winners and is it wonderful to be associated with it.

IV. Patron Continuum Model Presentation: Ms. Richards noted her intention to look at the organization's strategic plan in this meeting and the next to provide context for the September retreat and

where to go in the future. She invited Ms. Tourangeau to report on the patron loyalty program USUO has initiated to develop our supporters into loyal 'family' members and ultimately into real difference makers for the organization. Ms. Tourangeau summarized a traditional arts company/patron relationship is internally-focused and assumes artistic excellence is enough to attract supporters; people are expected to be knowledgeable and desiring of our product. Internally, organizations operate in silos: ticket sales are the responsibility of the Marketing department, donations are the responsibility of the Development department, service is the responsibility of the Ticket Office and art is the responsibility of the musicians. She noted the current earned income (ticket sales) for the organization is only 27% of the total revenue, or \$4.2 million. If USUO were to be completely successful in the old model and sell every seat in all of our venues for all of our concerts the total revenue would only be \$8 million.

The challenge of any business is to develop a business model that will guide action and behavior to fund fulfillment of institutional vision in a sustainable manner. The patron continuum model seeks to develop loyalty of patron households from their first exposure to the art (an education or outreach program), through being a single ticket buyer, return ticket buyer, new subscriber, loyal subscriber, donor and 'super patron' (major and/or planned gift giver). Every step of the process should bring the patron household closer to the organization and all departments work together through the entire process. The measurable factors of patron revenue are number of subscriber households and their retention, percentage who contribute and size of gift. The ultimate goal and focus is to build subscribing donors who bring both high sustainability (donations with ticket purchases) and a high return on the organization's investment (fewer marketing dollars invested in their decision to purchase). The current size of USUO's subscriber base is 3,685 households with 35% of those contributing an average gift of \$800: a total of \$1,031,800. Our goal over a five-year period is to increase to 7,500 households with 60% contributing an average gift of \$900: a total of \$4,050,000. If USUO is able to reach these goals, we would add \$3 million to our bottom line. Mr. Gulbrandsen noted this would be the equivalent of tripling the organization's endowment. Ms. Tourangeau emphasized it would not be a sole solution, but would work together with government support and building the endowment to fill the structural deficit.

Ms. Tourangeau described the fundamental shift in thinking with this new model. The old thinking is that the economic engine is based on presenting performances and selling tickets. The new thinking is that the economic engine is based on development of patrons. The belief that 'earned income is the ultimate barometer of health' shifts to 'patron income is the ultimate barometer of health'. 'Selling tickets and developing patrons are distinct business lines' becomes 'selling tickets is a means of developing patrons'. 'Marketing sells tickets and development raises money' transitions to 'the organization develops patrons'. 'We might be able to sell our way to prosperity' evolves to 'prosperity will only come from developing vastly more committed patrons'

Ms. Tourangeau outlined how the organization has adopted the patron loyalty program in the past year. With Tessitura in place as the one database for marketing and development starting in June 2010, an incredible tool has been established to track patron loyalty. Two employee positions have been changed to focus attention on patron development: Melissa Singleton is the Program Publication & Front of House Manager and connects operations to marketing to focus on the initial patron experience in the performance venues; and Jon Miles is the Director of Patron Development & Ticketing Services and connects marketing to development to track and foster patron loyalty. And, programs like the Vivace and Cadenza clubs, Meet a Musician, and the Opera Sneak Preview create a culture that develop and nurture insiders. So far, the results have been that from 2008-09 to 2009-10 USUO increased its subscriber

households by 563 to 4,268 and increased the number of donors by 600. Time will tell about retention and moving the lever on the average size gift.

Ms. Richards thanked Ms. Tourangeau for the thought provoking presentation and noted it was thanks to diligent efforts by a number of Board members that the County Center for the Arts agreed to special conditions for the ArtTix Tessitura database that allowed for the addition of the development module for USUO.

Approval of Consent Agenda: Ms. Richards returned to the consent agenda which included minutes from the May Board meeting, the Executive Summary and a revision of the Utah Symphony Guild By-laws. Mr. Wall moved to approve the Consent Agenda as submitted. The motion was seconded by Mr. Horne and passed by unanimous vote.

V. Finance Report: Mr. D'Arcy gave the Finance Report. He referred Board members to page 16 of the meeting materials and noted the bottom line shows an expected surplus of \$174,000 at the close of the 2009-10 season contingent upon meeting the DVMF ticket revenue and Board Balanced Budget (Leadership Challenge) campaign goals. He commented this is glorious news considering a \$144,000 deficit was projected at the time of the last Board meeting. He noted that page 15 of the meeting materials details what happened to create the change in projections.

Ms. Tourangeau shared her feeling that being close to a balanced budget after starting the year with a \$2.6 million deficit is a remarkable place to be and her hope to find the remaining \$100,000 to demonstrate to the LDS Church Foundation and the community that their faith in USUO was well-placed. Ms. Richards issued a challenge to each Board member to find an additional donor willing to give \$1,000 – 2,000 to help meet the remaining goal.

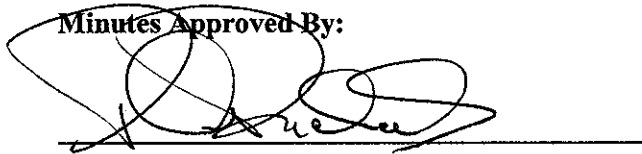
VI. New Business: Ms. Tourangeau highlighted the events listed at the bottom of the agenda, in particular the donor thank-a-thon August 2-6 – an opportunity for Board members and musicians to call donors and thank them for their support of USUO.

Ms. Richards noted the location for the September 14th Board retreat will be Westminster College and asked Board members to hold that day in their calendars.

VII. Executive Session: Ms Richards then went into executive session to discuss one matter. Staff and guests were excused and only Board members remained. After the discussion, the meeting was adjourned.

Minutes Recorded By:
Julie McBeth

Minutes Approved By:



Patricia A. Richards, Chair