

**WHEELER OPERA HOUSE
MINUTES OF THE MEETING OF
THE BOARD OF DIRECTORS**

DATE: Wednesday, November 18, 2009

TIME: Noon

LOCATION: Wheeler Lobby

PRESENT: Board Members: Ron Erickson, Chairperson
Cathy Markle, Secretary
Pamela Cunningham
Matthew Loden, Ex-Officio
Nickolas Erickson, Student Rep.
Bruce Fretz

City Staff: Randy Ready, Assistant City Manager
Scott Miller, Capital Asset Director
Steve Bossart, Capital Asset Project Manager

Staff: Gram Slaton, Wheeler Executive Director
Rose Bennett, Wheeler Sr Manager - Finance
Heather Larson, Sr Manager - Operations

Public Citizen: Mike Maple

Absent: Brian O'Neil, Vice Chairperson

RECORDED BY: Jeanne Kayne, Administrative Assistant

I. CALL TO ORDER

Chairperson Erickson called the meeting to order at 12:06 pm.

II. APPROVAL OF OCTOBER 14, 2009 MINUTES

Chairperson Erickson called for the motion to approve the minutes from October 14, 2009. Markle made the motion to approve and Fretz seconded the motion, pending two amendments. The amendments included adding the Board's discussion regarding the public establishment of a \$30 million budget. The Board voiced concern that they had not authorized a budget that high and were uncomfortable with the perpetuation of that number. In the second amendment, under section X - New Business, Markle noted that the word used in the minutes should have been "affect," not "effect." With the above mentioned amendments the motion carried unanimously.

III. FINANCIALS

Slaton explained that that the endowment fund balance was more than \$28 million and will likely meet or exceed budget by the end of 2009. Cunningham requested line items be included in the financials for all Wheeler departments on a quarterly basis. Erickson commented that it looked like most carryforwards were about the same for the 2010 budget.

IV. EXECUTIVE DIRECTOR'S REPORT

21CMP: We were happily surprised by the outcome of the last City Council meeting, on October 26. It has been a real education to see how the approvals process can change organically to

respond to the needs of Council and the public, and now that Gram better understands this course, it's easier to be responsive to it. We plan to have one presentation per month in front of Council for the next three months, unless Council feels at any point that it has sufficient information to move forward with a vote on conceptual approval. The December 7 meeting will be a general-response presentation, with a large amount of its time dedicated to FMG better defining and explaining the costs going into a \$30 million figure. My piece will be to respond to questions and amplifications heard as needing responses at the October 26 meeting. The January meeting is likely to have a Wheeler component on January 25, and the focus is likely to be on design/façade issues. Moving into February, if necessary, the meeting for a Wheeler component is likely to be on the 22nd, and the focus is likely to be all on financials, as we will have had time to continue drafting and testing operating assumptions and numbers for a 20-year plan. At this point, we are accepting that there will be no Wheeler ballot question until May 2011.

Slaton asked Miller and Bossart to give a report on the forecast for expenses on the proposed project. Bossart announced that Pfocus has been engaged as the program manager. Bossart said they have spreadsheets on the financials for what next year looks like and it will take up to \$2.6 million to take us through the design phase and up to construction drawings. R. Erickson requested copies of the spreadsheets for the Board with an explanation of expenditures for the balance of 2009. Bossart explained that the spreadsheet shows reimbursable expenses for travel, prints, and drawings. There is a 5% contingency padding built in for design fees and construction. Bossart explained that the provisions came from two different task force groups from 2008. Miller explained that there are line items which include city staff time for asset management and construction management. There are codes inspectors who are city employees, which we will want to utilize. Cunningham voiced concern when it was mentioned we would be using city engineers. Miller stated that inspections would be contracted. Bossart said Asset Management had hoped to use their people when doing things like field inspections.

Markle asked about the \$90,000 in entitlement, which she thought should be part of the design fees. Bossart explained that the commissioning agent would be at the table from the start, even though they do their job at the end. He said we want recommendations from the contractor-at-risk at the lead of construction as a professional consultant, without necessarily giving the guarantee of the general contractor job. We want the competitive process at the beginning. The benefits are that the contractor-at-risk is providing cost information in advance and corrective actions immediately to avoid later change orders. The contractor will come in at the conceptual stage and during the detail design to review design decisions. Bossart said that the cost would be negligible compared to the other professional services at that time. Markle asked if locals were given priority in regard to this position. She went on to stress that the Board wants to do what's best for the city and citizens, and we want the right people for the job, not just the least expensive. She suggested that being local should be added into the criteria of choosing the contractor-at-risk. Erickson asked for a copy of the form being used to qualify the contractor-at-risk for the Board.

WINTER EVENT SEASON

Slaton continued his report, saying we have a very busy winter calendar already, with every weekend booked from December 11 through April 11, with one exception. Most of these dates are already under contract, but we are essentially without any inventory for prime dates at this point – a considerable change from how the Wheeler was in 2005. This should serve as further confirmation that the Wheeler is one of the nation's busiest venues and that the need for a smaller theatre that can primarily serve our home-grown arts community is real and becoming more pressing all the time.

TICKETING SYSTEM RFP

The ticketing system does not meet the needs of our box office and needs to be replaced. An RFP for a new ticketing system is out and will close on December 1. Fretz brought up concerns in regards to the arts groups and how they will be affected in regard to this change. Bennett assured Fretz that the Wheeler has been working with the arts groups and is aware of their wish lists and will continue to involve them in the process. Fretz stated that as long as they feel like they are part of the decision, that's the important thing. Cunningham asked both Bennett and Loden how this change will keep the MAA and the Wheeler integrated. Loden explained the MAA system is not integrated in any way with the Wheeler's system, and that the MAA will continue to sell tickets through their own system.

BOX OFFICE STAFF CHANGES

Slaton informed the board that the Wheeler will be losing Heather Gibson sometime between early January and mid-March. She has been a tremendous asset to us and can fairly be credited with bringing the box office up to an entirely new standard. We are already in the process of finding new box office staff, since the transition will by necessity occur during the heaviest part of our year.

TAX CREDIT CONSULTANT

At the December 9 board meeting, Dee Smolik of Plymouth Sounding will give a presentation about historic tax credits for the expansion project. She will be flying in on the 7th of December to make it to the City Council meeting that night.

V. ACTION ITEMS

WHEELER OPERA HOUSE GOALS STATEMENT FINAL DRAFT

Slaton restated the goals along with the new mission statement. The mission statement was approved by the board previously this year. Markle suggested a facility question be added in to the Goals statement. R. Erickson said it was already covered. Fretz said he would like to see the words "to provide facilities and resources" added. Cunningham added that she thought one of the goals should be regarding physical oversight and fiscal responsibility. Cunningham said when we include viability we are entrusting ourselves to fiscal responsibility, and this needs to be included somewhere. R. Erickson suggested it be incorporated into the Programming Mission Statement as a new bullet point: "Preserve and ensure long term viability of the facility through responsible fiscal management." It was suggested that the word "to" be removed from the beginning of all bullet points. Fretz made a motion to approve and Cunningham seconded the motion.

VI. INFORMATION AND DISCUSSION ITEMS

BOARD OUTREACH – IDEAS AND ACTION PLAN

R. Erickson thanked Markle and Fretz for their notes for an action plan. Fretz brought up the concern that if we discussed the outreach ideas and action plan, there would not be enough time to go over the revisions of the ordinance draft at today's meeting. Ready explained there is still time to review and approve the ordinance draft at the December meeting before submitting that document to Council. R. Erickson tabled the discussion on Fretz's and Markle's outreach strategies until the next Board meeting so that everyone could have time to review them first. Fretz voiced a concern over one of the target issues, specifically a lack of support from the arts groups for the expansion. Slaton said that he took exception to that statement as the arts groups have been engaged and are supportive, but that their boards may be keeping approval at arm's length due to other agendas. Erickson asked the Board to review the strategies and expand on them, but not to reinvent the wheel. Loden also thanked both Markle and Fretz for their work on this project.

Slaton was asked to take the outreach strategies draft and put it into a grid form. Erickson also tabled discussion on revisions to the Programming Vision Statement for the next meeting. Maple voiced that he thought it was important to make the stage at the Wheeler available for rental. He would like to see butts in seats while providing a cultural and educational experience. Loden explained that the paradigm is to allow the community to come in and rent, but that does not mean there will be butts in seats. Maple said that the bullet points for the goals don't mention whether or not the facility is going to create more public use access. Slaton explained that there will always be a learning curve and the Wheeler staff is available to help clients determine whether or not the event they are purposing has the potential for success. Bookings are done on a first-come first-served basis, and when it is a repeat event, we do go back to see if the event was successful the first time.

Markle made a motion to continue the work on the Programming Vision Statement and Cunningham seconded the motion.

VII. MEMBERS COMMENTS

Erickson asked if any proposals for the new ticketing system had been received and Slaton answered if any did come in they would have gone directly to the City purchasing agent.

Erickson announced that there would be a Boards and Commissions Party Thursday, December 3rd, 2009. Markle mentioned there would not be a Wheeler Volunteer party this year.

VIII. CITIZEN COMMENTS

Maple said that he has been trying to figure out exactly what the mission, goals, and vision statement for the Wheeler Board are. He was delighted that this was something the Board was working on. He stated that he thought it was very important and commended the Board for moving forward with this work. Maple expressed he did not understand how the words line up with the program and schedules. He went on to explain there are not a lot interesting shows for him or his family; he stated he was not sure where the Wheeler is going in regard to programming. He felt that somewhere in the goals, mission, or vision statement it should be clear what the Wheeler's programming philosophy is. Slaton explained that weekends are made up of Thursday through Sunday and that Fridays and Saturdays are booked solid through April. Maple said he would like a clear concise description of upcoming events for 2010. He understands we have the Wheeler Film Society filling in on nights where there are no live shows. He would like to see programming with more diversity, including music acts of different genres, comedy, and theatrical performances. He looks at the \$2.5 million budget with the City subsidy and wonders what we are doing with this. Slaton responded that he doesn't tell renters what they can or cannot do as far as presenting. Slaton said that the Wheeler's programming depends what's available to book during particular times of the year. He also mentioned that he was open to suggestions. Markle explained to Maple that it is not the Board's responsibility to set the programming. She said it was up to City Council and what they are open to. Maple responded it was insane to let City Council to be the deciding factor in programming. Erickson said that Slaton submits recommendations to City Council but he is the one who puts together the budget and City Council does not review the programming. Ready explained that Slaton is the Executive Director and the Artistic Director and that he submits his recommendations to City Council via the annual operating budget. Erickson went on to explain the Wheeler Board of Directors is an advisory board, not a programming board. Slaton said the Wheeler has a reliable schedule of 30-40 days which the Wheeler is able to program. A new facility would open the Wheeler to more dates and make a smaller theatre available to those productions which don't require such a large space. Maple didn't understand what the programming is trying to achieve and what the limitations are.

He said he understands there are assets, but said what's an asset one year can be a liability the next year. He feels this needs to be continually re-evaluated. Slaton said the use of the theatre is not at its most efficient at this point. For example, the number of movie goers could be only 150 people in the 500 seat theater. The Physics group is another example where a smaller space would be more conducive to their presentations. Markle said that no one wants to build something that nobody wants.

Maple expressed 3 areas of concern:

- 1) Maple asked the Wheeler to better articulate the objectives of its programming.
- 2) He stressed the need for governance and planning for the new facility. He stated he was not an opponent of the new facility. He mentioned the importance of keeping the historic theater the main focus of the Wheeler Opera House. He said he has reservations with regard to the planning process, as we are discussing architecture before we even have programming in place for the new facility. Maple was uncomfortable with so much work being done in-house. Maple suggested a feasibility study be conducted by a third party. He does not understand the vision statement from the web-page. He said just because we've been waiting 30 years is not necessarily a good reason to build. Maple sees the order of events to be programming, economics, and then planning.
- 3) The 1979 RETT vote was very clear on how the RETT funds could be used. He takes exception to the City's interpretation of the RETT and their thinking that these funds can be used for something else. He said that it was clear that the intention was that these funds were to be used for renovation, not the construction of a new facility. The 2002 ordinance identified the endowment and Maple said he has no problem with this going to a vote. Maple stated it was not appropriate to say that any of these documents support the building of this facility and does not see how money can come from the RETT. He is concerned with City Planning and Community Development spending \$3 million before this project even goes to a vote. Maple feels this kind of spending is a waste of resources. He suggested the Board look back at the 2004 ballot question which was a resolution to approve the purchase of the Motherlode Restaurant and Property using the existing Wheeler Opera House Real Estate Transfer Tax Funds. It was defeated. He posed the question: Why did the people vote no then and why would they vote yes this time? Maple suggests the money shouldn't be spent to just get shot down by the electorate. He suggests the funds should come out of the COA General Fund.

IX. OLD BUSINESS UPDATE

ORDINANCE DRAFT

Erickson brought up the business of the replacement ordinance which will be used to redefine the 2002 ordinance. Ready said a draft of the replacement ordinance could be ready for the December 7 Council meeting. Erickson called for a motion to table the replacement ordinance discussion for the next Board meeting. Fretz made the motion and Markle seconded.

X. NEW BUSINESS

XI. ADJOURNMENT

Erickson called for a motion to adjourn. Cunningham made the motion to adjourn and Fretz seconded the motion. The meeting was adjourned at 2:19 pm.

THE NEXT REGULAR MEETING IS SCHEDULED FOR WEDNESDAY, DECEMBER 9, 2009, IN THE WHEELER SECOND FLOOR LOBBY AT NOON.