

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

**DATE:** Wednesday, October 14, 2009  
**TIME:** Noon  
**LOCATION:** Wheeler Lobby  
**PRESENT:** Board Members: Ron Erickson, Chairperson  
Brian O'Neil, Vice Chairperson  
Cathy Markle, Secretary  
Pamela Cunningham  
Matthew Loden, Ex-Officio  
Nickolas Erickson, Student Rep.

City Staff: Randy Ready, Assistant City Manager

Absent: Bruce Fretz

Staff: Gram Slaton, Wheeler Executive Director  
Rose Bennett, Wheeler Senior Finance Manager

**RECORDED BY:**

**I. CALL TO ORDER**

Chairperson Erickson called the meeting to order at 12:10 pm.

**II. APPROVAL OF OCTOBER 14, 2009 MINUTES**

Chairperson Erickson called for the approval of minutes from September 9, 2009. O'Neil made the motion to approve and Markle seconded the motion, with an amendment. The amendment included striking the housing discussion from approval of the minutes section and moving it between items II and III, with the title of New Business. The motion carried unanimously.

**III. FINANCIALS**

Slaton explained that as usual this was a preliminary report and that the real investment interest number would be available in about a week. This was the first report where all three loans were adjusted to include just the interest and not the principal.

\$3.2 million is now budgeted for RETT revenue for 2009. The spreadsheet shows only the amount of RETT currently budgeted for 2009 and does not reflect previously stated expected number for this line. Bennett explained that Don Taylor, City Financial Director, adjusted the number in July to \$2.5 million and then again in September to \$2.7 million.

Loden asked why the box office fees were over budget. Slaton explained that the budgeted numbers were very conservative estimates and did not take into consideration the full possible impact of ticket sales for outside organizations, such as the Aspen Institute, since 2008 was its first year of using the Wheeler and 2009 usage could not be relied upon.

Erickson asked why the lease revenues were behind, and Slaton responded that two months of free rent were given in the spring, in response to the challenging local economy. Erickson requested that a notation be made to show this.

#### **IV. EXECUTIVE DIRECTOR'S REPORT**

##### **MARKETING IMAGES**

At the prompting of Markle, Slaton created a new branding image for the Wheeler, done in two iterations for the 2009-2010 year. The new brand reflects the clean type and upbeat colors that many other organizations are currently using, with the emphasis on the word "Wheeler" and away from "Opera House," which so many people think means that we are solely a classical performance venue. We also are using the Stewart Oksenhorn images of Linda Eder as a strong generic image of a typical Wheeler performance, giving us a brand that is distinctly different from other venues, and a complete break from the previous 25 years. We started with the website header and are transitioning to this new brand now in all other print, and you will see it adopted into all of our visual advertising.

##### **LIFT-UP FUNDRAISER**

The Wheeler will be helping to produce a fundraiser for Lift Up, which is a food bank serving the Aspen area, assisted by The Baguettes, a non-profit organization headed by Ellen Hunt and Lynda Palevsky, former longstanding members of the Aspen Film board of directors. This event will take place on Saturday, November 21. The Crystal Palace Players have volunteered their services, and we hope to augment their performance by interspersing other area performers.

##### **ARTS GRANTS**

Gram asked the Arts Grants Review Committee to consider holding back some of the \$400,000 maximum amount for disbursement in 2010, in order to have a cash reserve that would help buffer the downturn in available funds when the Wheeler takes the lease spaces offline for rehabilitation, expected to be sometime in 2012. The committee granted just over \$350,000 for 2010, which will provide a nearly \$50,000 amount that can be held in reserve and applied to the expected drop of \$200,000 for the 2012 cycle. If we can repeat this again for 2011, we will create a nearly \$100,000 amount that can ensure that the drop for our arts applicants moves from potentially crippling to merely uncomfortable. Our expectation is to restore the amount to \$400,000 in the following cycle, and maintain it at that level for the foreseeable future.

Loden asked if in 2012 the grant pool would drop down to \$200,000. Slaton stated it depends if the expansion goes forward. If it does move forward the lease spaces should be taken off-line to bring the Bentley's kitchen up to code, which would lower the amount available for the grants. Loden asked if the non-profit organizations would be notified of the decreased amount for the arts grants, since they have come to rely heavily on this source of funding. Erickson suggested that City Council could always go back and increase the grants by taking money out of the General Fund as they did before it was all taken out of the Wheeler Fund.

##### **21 CMP UPDATE**

We were a bit surprised by the direction that City Council took at our September 28 conceptual approval review, given that our understanding was that we should not too carefully define either the features of a possible Wheeler expansion or the financial scheme for constructing and maintaining it ahead of having real budget numbers to work from. However, this is the direction Council gave and we will be completely responsive to it, well ahead of our next appearance on Monday, October 26. I have asked FMG to take a "Three Bears" approach to the expansion façade: One that strictly followed the Department of the Interior guidelines; one that adheres solely to the many requests that the façade stand as an "homage" to the 1889 building; and a hybrid look that comes down right in between the first two.

Meanwhile, we are crunching numbers and preparing a variety of long-range financial schemes that will take into account a Wheeler expansion, no Wheeler expansion, continuance of the RETT, no continuance of the RETT, a \$5 million loan, and payment completely out of existing cash. Also, it's important to remember that the longer this takes to get to approval, the more cash we are generating and setting aside for the project.

Several members of the board raised their concern that a \$30 million budget figure for the Wheeler expansion had been established without the board's acceptance or authorization, and were uncomfortable with the perpetuation of that number. Ready said the main goal is to get a general contractor on board so that we have real numbers to work with, and a guaranteed maximum price. At this point, \$30 million is a conceptual number, and we won't have real numbers to work with until we get a general contractor on board. Pfocus is under contract, and they will be working with Asset Management to hire a general contractor. Ready warned not to expect a number before we go into this with the final design and construction costs. Markle said a design and construction firm such as FMG should be given a budget to work within.

Cunningham asked if the financial picture had been discussed globally as opposed to just the cost of the addition. She suggested a multi-pronged approach when presenting to Council. It could start with the cost of the facility, reviewing the operations budget, outreach to the community for the 501(c) 3, and the capital reserve and projections on how the RETT is used. Cunningham stressed that we need to have a comprehensive plan. Erickson said that the Wheeler needs to show what it has subsidized; this needs to be included so that people understand it. Some of the non-profits will not have to be as heavily subsidized with regard to the new facility, as the space will provide them with more of what they require.

The October 26<sup>th</sup> City Council meeting will be a public hearing. Ready suggested that a timetable and process for review be outlined and a work session scheduled for November. Council members can then take their hats off as reviewers and regulators, assuming the project is approved, and put their hats on as owners.

#### HOLDING ACCOUNT ORDINANCE

We have talked to Mayor Ireland and the various City-team players about this, and it is clear that in order to tap funds necessary to continue the expansion project through 2010, we will need to get this ordinance in front of City Council sooner rather than later. In Slaton's view, this needs to be wholly an initiative of the Wheeler board of directors, since it is in response to the 2002 ordinance that was also an initiative of this board. What we need to accomplish is to rescind the 2002 ordinance and replace it with a new one. If the Wheeler board can accept the responsibility for carrying this in front of Council, it will provide a straight line and the shortest distance between intentions, so that when members of the community raise their questions, we have the creators of the 2002 ordinance, rather than Wheeler or City staff, as the primary responders.

#### WHEELER LOBBY AND BOARD SURVEY

Slaton pointed out to the board that the wall space in the second floor lobby is being used for exhibits by local artists, in keeping with one of the 2009 goals for finding expanded usage for the Wheeler's lobby space. He also pointed out that the annual survey of the board should be coming out in the next few weeks via email and to please watch for and respond to it.

#### FUTURE BOARD MEETINGS

Slaton suggested that the board not have a meeting in November, due to the fact that he will be on vacation from October 28 through November 8, and effectively very little should be occurring between the October 26 appearance before City Council and our normal meeting date (which would be November 11). At the December meeting, Slaton hopes to have as a special guest Darlene (Dee) Smolik of

Plymouth Sounding, who is one of the very few arts consultants in the nation whose sole line of business is tax credits. Again, this is a very complicated subject and one that we need to thoroughly explore together, in order to fairly assess whether it can benefit our funding picture for the Wheeler expansion.

#### VISION STATEMENT

The vision statement stamped “Draft” has been given to City Council as per their request and has been sent to all the arts groups. It has also been provided to the Wheeler Board for review. It was provided as a genesis for a programming vision statement for the new facility – a facility that is anticipated to be a community oriented theater, with emphasis of use by the smaller arts groups providing a more intimate setting. The intent is to make a bold statement about what this building is for and who is going to use it.

Erickson instructed the Board to read the statement and asked them to email any comments, corrections, or additions to Slaton within the next few days. Slaton commented that there was no deadline for the final draft of this document; the request from City Council was to see a work in progress.

#### V. ACTION ITEMS

##### WHEELER OPERA HOUSE GOALS DRAFT FOR BOARD APPROVAL

Erickson called for discussion of the Wheeler Opera House Goals Draft dated May 2009. Loden asked how we involve young people through educational programs. Slaton responded that we host groups such as Aspen Country Day School, Aspen Community School, and Jayne Gottlieb Productions. Erickson added that there have been outreach programs and internships in the past, and hopes to make one of the Wheeler’s future goals to be to get more kids interested in the technical aspects of theatre.

Markle questioned if the Wheeler was bringing in national acts or trying to support a local arts community. Erickson said the goals are pretty much the same but maybe just rearranged. Loden agreed with Markle that there was a disconnect between the vision statement and the goal statement – the vision statement says specifically that the Wheeler Opera House is a presenting entity charged with maintaining a programming profile in keeping with the City of Aspen’s mission of furthering Aspen’s reputation as America’s premiere resort destination. He suggested we reword the goals to say that the Wheeler is a production and presenting entity in equal parts, for more clarity.

Erickson asked for Board members’ comments regarding production versus presenting.

Markle commented that she thought it was the desire of the committee bringing in Slaton as the new Executive Director to have him focus on presenting rather than producing. O’Neil said that, looking back, the real goal was to fill the Wheeler with someone who could strike a balance and who could increase co-production of events to bring in quality acts which were not in the financial range of non-profit organizations in the community. Markle asked Slaton if his focus had changed to producing, or if it was something he had expected to do from the beginning. Slaton explained that his task upon arrival at the Wheeler was very general and the directive was to get live events back at the Wheeler. Slaton said he’s been working with Ready over the last few years to see how the Wheeler can be used to serve the profile of the town, which is why the special mini series were introduced – to see first if the Wheeler could produce festivals. The festivals were used to bring activity to the town and lengthen the time that tourists and second homeowners would stay in Aspen and spend money. Slaton said that this is an evolving strategy. The question was whether we should work with local artists and presenters, or bring in world-class acts such as Bernadette Peters, which we know we will lose money on but which can create a high profile for the Wheeler, distinguishing us from other mountain towns and performing arts theaters.

Erickson suggested that it might be helpful to take another look at the results of the Genovese Vanderhoof & Associates Organizational Audit from 2005. Ready expressed that opening the report would be a

double-edged sword. Not all of the recommendations were adopted from that analysis, and some with good reason. One very controversial recommendation which was not adopted was in regard to the Wheeler's programming, which suggested that the Wheeler be a rental house only, as opposed to producing its own programming. Slaton has taken a middle of the road approach by presenting approximately 20 Wheeler Presents events each year.

O'Neil made a motion to adopt the two changes made to the draft of the Wheeler Opera House Goals. The first change suggested by Loden was to add the word presentation to bullet point one. The second change was Erickson's suggestion to move bullet point one to where bullet point three is and move the other bullet points up. Erickson seconded the motion and then asked for discussion. Slaton made the suggestion to hold off on the approval until he could craft the mission statement with the goals draft on the same document. Erickson tabled the discussion until the next meeting.

## **VI. INFORMATION AND DISCUSSION ITEMS**

Cunningham asked if Aspen Film thanked the Wheeler or staff publicly. Slaton recalled that someone had mentioned a thank you at one of the movies. Cunningham voiced disapproval.

## **VII. MEMBERS COMMENTS**

None

## **VIII. CITIZEN COMMENTS**

None

## **IX. OLD BUSINESS UPDATE**

### **ORDINANCE DRAFT**

Erickson asked Slaton what was wrong with the old ordinance and why it needs to be changed. Slaton answered that the 1979 ordinance provides for the use of the Real Estate Transfer Tax funds to be collected for the implementation of the Wheeler Opera House master plan, which includes the renovation of the existing facility and the expansion into the adjacent lot. There is no mention in the 1979 ordinance of any use other than up to \$100,000 could possibly be set aside. The 2002 ordinance is written so tightly that any monies that go into the endowment account cannot come out of that. In order for us to access the money for any purpose we need to create language in the ordinance so that we have access to those funds.

Erickson commented that when the endowment was set up, it was to put the money in a fund so that it couldn't be used by anyone else. It was supposed to be an account which could be used to fund the Wheeler if the RETT wasn't renewed, or if we needed to supplement the operating expenses because the RETT didn't provide enough money to support it. We want to change the ordinance so that these funds may be used in the construction of the new building. Erickson asked for a motion to approve the draft of the new ordinance. It was decided that the draft first be reviewed and discussed and that Board member Fretz's email be included in the discussion. Cunningham agreed with an important point Fretz brought up, which was that the Wheeler is fighting perception. Slaton suggested that Erickson, O'Neil, and Cunningham, as creators of the 2002 ordinance, go before City Council to explain that this was the intention, but this is not how the language of the 2002 ordinance reads.

O'Neil suggested that the Board go to City Council, with the thought that the overall philosophy from the beginning has been an acceptance of an expansion when it was justified, when the money was in place, and when the time was right.

Erickson asked Ready if, under the 2002 ordinance, we are not allowed to touch the endowment fund itself or the income from the endowment fund, and Ready affirmed. Ready stated that at the time of the adopted ordinance there was a strong recognition that at some point there would need to be an ordinance change if and when the Board needed to tap into the endowment fund. Erickson asked if this was a recommendation which has the approval from the City Attorney. Ready stated that it was, and went on to explain that without the ordinance change the project will fall short of the \$2 million necessary next year to get this project to final design at a guaranteed maximum price.

Cunningham brought up paragraphs C and D and asked if they could be reformatted to make them a focal point of this ordinance. Ready said that one of the ways to do that is through the memo and the other is in the Whereas.

Slaton expressed that Scott Miller's projection is that the Wheeler will need \$3 million next year for the expansion project. This figure is in regard to the phasing of the remaining planning and design phases for the project, as well as what's needed month by month to pay Pfocus, FMG, the contractor at-risk, and come up with the final design. Erickson asked if we could use the \$1.2 million from the 2009 excess. Ready said we might be able to use some of it by accelerating what we are doing now, and to get contracts out there. Erickson asked the Board to please review the ordinance draft and to email Slaton if they had any additions or corrections.

Markle inquired about establishing an ordinance which holds a certain percentage of reserves within the endowment. She explained this is a way to assure citizens and the arts groups there will still be money for them to continue if we were to lose the RETT in the future.

Ready expressed that Council has already discussed their perceived need to get that RETT extension approval. We will do this for now for continuance after the year 2019. The vote will agree to extend the RETT. Erickson suggested we change the language of the RETT and let someone challenge it.

Cunningham asked if there was a way to do a simple matrix to show the basic paragraphs from the 1979 and the 2002 ordinances, and show how it affected things at that time. This could be a great tool to educate the community. Slaton asked Cunningham to help work on this matrix with him. This needs to go to City Council for either the December 7th meeting or January 11<sup>th</sup> meeting. Cunningham asked about doing a series of sessions using Wheeler Board members to meet with these arts groups. Erickson answered that we should attend their Board meetings.

## **X. NEW BUSINESS**

Markle asked for time at the next meeting to discuss the outreach program.

## **XI. ADJOURNMENT**

Erickson called for a motion to adjourn. Erickson made the motion to adjourn and Markle seconded it. The meeting was adjourned at 2:15 pm.

**THE NEXT REGULAR MEETING IS SCHEDULED FOR WEDNESDAY, NOVEMBER 18, 2009, IN THE WHEELER SECOND FLOOR LOBBY AT NOON.**