

CHAUTAUQUA INSTITUTION BOARD OF TRUSTEES
Bellinger Hall, Chautauqua Institution, Chautauqua, NY
8:30 a.m. Saturday, May 7, 2016

MINUTES

<u>Members Present</u>		<u>Member Absent</u>	<u>Others Present</u>	
Jim Pardo – Chair	Ron Kilpatrick	Don Boswell	Sherra Babcock	Sam Price
Karen Arrison	Jim Klingensmith		Sebby Baggiano	Maureen Rovegno
Cathy Bonner (ex officio)	Candace Maxwell		Rindy Barmore	John Shedd
Jim Brady	Bob Metzgar		Tom Becker	Bruce Stanton
Christine Brueschke	Greg Miller		Andrew Camden	Jordan Steves
Hugh Butler	John Milos		Matt Ewalt	
Carolyn Byham	Sheila Penrose		Geof Follansbee	
Judith Claire	Tim Renjilian		Bill James	
Laura Currie	David Rosen		Deborah S. Moore	
Bonnie Gwin	Larry Thompson		George Murphy	
John Haughton	Dede Trefts		Bill Neches	
Bob Jeffrey			Dusty Nelson	
Kyle Keogh				

Mr. Pardo opened the meeting with a word of prayer

I. Minutes

There being no corrections or additions, the minutes of the February 2, 2016 meeting of the Board of Trustees stood approved as presented.

II. Chairman's Report

Mr. Pardo referred to the remarks made by him during the Board's working session on Friday, May 6 where he (a) thanked the Chautauqua Foundation, in general, and Ms. Bonner and the Directors of the Foundation, in particular, for their support of the Amphitheater Project, (b) shared with the Board several DVD's that he had received from a member of the Chautauqua community, (c) referred to the Presidential Search Process generally and the various community engagement work in particular that will be undertaken, (d) discussed the fiduciary responsibilities for all Trustees regardless of classification (noting that Class A Trustees and Class B Trustees - regardless of the means by which they are elected or chosen as Trustees - owe identical duties of loyalty and due care to the Institution), (e) thanked Ms. Gwin for her report on the work of the Nominating & Governance Committee relating to increased Board transparency and community engagement, (f) thanked Mr. Murphy and Mr. Wanetik for their presentation and the Board's discussion regarding 2016 community engagement opportunities, and (g) thanked Mr. Shedd for providing an update to the Board regarding the Amphitheater Project and for arranging a tour of the construction site.

Mr. Pardo reported that the Staff, the Foundation's leadership, and the Institution's leadership are discussing a redesign of the Development Council both in purpose and in membership. Such a change would require approval by the Board of Trustees and a revision to the Institution's By-Laws. Any changes will be brought to the Nominating & Governance Committee and, with its recommendation, presented to the full Board at its August meeting for review and approval.

III. President's Report

Mr. Becker spoke to fact that 2016 would be his last season as President and reflected on the work done in last several decades.

He briefly highlighted parts of the 2016 season and discussed the relationship between the work of the Working Group on Strategic Investment and of the Working Group on Re-Imagination of Programming, and the impact of that work for the Staff as they developed the 2016 season.

Mr. Becker also noted the current capital projects, the replacement of trees on the Grounds, and the reports shared with the community relative to these various projects.

IV. Committee, Working Groups and Other Reports

Development Council

Mr. Brady reported that the Development Council met earlier in the week and that the Promise Campaign has raised \$94,634,038 towards its \$98.2 million goal. The Chautauqua Fund is reporting an increase in the number of new donors, which has been initiative of the Foundation Board and Staff.

Mr. Follansbee stated that the Staff will be seeking gifts to the Amphitheater Endowment and the Miller Cottage Endowment this year, and he asked the Board to consider philanthropic support in those areas.

Chautauqua Foundation Report

Ms. Bonner and Mr. Follansbee made the report on behalf of the Foundation. This past quarter was a difficult one in the Foundation's Investment Portfolio as was the case for markets nationally. The Foundation is continuing with its current investment strategy, and its Directors understand the fluctuation in the markets. The Foundation ended its fiscal year at March 31, and as in the recent past the annual payout to the Institution will be based on the investment results as reported at the end of the Foundation's fiscal year.

Executive Committee

Ms. Trefts reported that the Executive Committee met on Thursday afternoon and brings three recommendations to the Board for action.

Authorization of Institution Guaranty

On the unanimous recommendation of the Executive Committee accepted as a motion, and with a second and after discussion, the Board of Trustees unanimously adopted the form of resolution attached hereto as Exhibit A authorizing the Institution to deliver an unsecured guaranty in favor of First Niagara Bank, N.A., with the form of Guaranty referenced in such resolution to be substantially identical to that contained on pages 8 through 12 of the pre-read materials distributed in connection with the May 7, 2016, meeting of the Board of Trustees.

Authorization of Revolving Credit Note With Chautauqua Foundation, Inc.

On the unanimous recommendation of the Executive Committee accepted as a motion, and with a second and after discussion, the Board of Trustees unanimously adopted the form of resolution attached hereto as Exhibit B authorizing the Institution to deliver an unsecured revolving line of credit note in favor of the Chautauqua Foundation, Inc.

Approval of Denominational Status for African American Denominational House

On the unanimous recommendation of the Executive Committee accepted as a motion, and with a second and after discussion, the Board of Trustees unanimously voted to grant denominational house status to be the African American Denominational House, noting that it has fulfilled all of the criteria for denominational house status contained in the Denomination Application Status Policy previously approved by the Board on May 7, 2005.

Asset Policy

Mr. Kilpatrick reported that the Institution reported a \$4,678,000 net return for the 2015 year end. This is the largest return in the Institution's history and results primarily from the Institution's discipline over a three-year period in holding expenses flat. Projections based on reports of season ticket sales, hotel occupancy, and sales of tickets for popular evening entertainment appear on track and are expected to produce results that will be in line with budgeted revenue.

Mr. Kilpatrick reported that the Chautauqua is in the process of receiving a gift to endow a play area in Miller Park to be named Timothy's Play Area in memory of Timothy Mark Ritacco. The Asset Policy Committee at its meeting reviewed a map indicating the location of the play area.

On the unanimous recommendation of the Asset Policy Committee accepted as a motion, and with a second and after discussion, the Board of Trustees unanimously voted to approve the naming of the play area in Miller Park in memory of Timothy Mark Ritacco subject to the following conditions:

- 1) Receipt of gift in the amount of 150% of estimated annual maintenance costs for the play area.***
- 2) Execution of a gift agreement providing that in the event the Board of Trustees determines that such land is necessary to be used for another purpose, the donor agrees to transfer of naming rights to another space of similar size and purpose the location of which would be mutually agreed to by parents or siblings of Timothy Ritacco.***

Working Group on Strategic Investment

Mr. Klingensmith reported that the Working Group's purpose is to monitor and assess the investment proposals brought forth from Staff and report/recommend them to the Asset Policy Committee. The Board approved additional funding for the 2016 popular performance budget (if needed), which is projected to provide a 20% increase in related Single Ticket sales. Mr. Klingensmith referred to the three new program initiatives, which include: Week 9 America's Music, the addition of David McCullough in Week 4, and the presence of General David Petraeus in Week 8 which are designed to increase Chautauqua's long-term census. Mr. Klingensmith reported the expected revenue and expenses, and projected census impact for each of these initiatives. The Working Group has developed templates and measurements for analyzing this process and determining how to utilize this process in the development of programs going forward.

Program Policy

Mr. Haughton reported that the Program Policy Committee is supporting the Working Group on Strategic Investment and with the Working Group on Re-Imagining Programming in their work and in the Staff's development of the program based on that work.

Working Group on the Re-Imagination of Programming

Mr. Renjilian reported that the Staff has taken the work done at and around the February Board meeting and utilized it in the operational development of the 2016 program. Mr. Renjilian referred to the various popular performance programs and initiatives this season and specifically to the development of the lecture program based on the analysis and market testing of the lecture themes. Surveys have been sent to targeted markets to determine those themes that have the greatest interest. Based on those results, the Staff has worked to strengthen specific weeks with additional narrative or strengthen the week through the addition of big draw speakers.

Marketing & Communications

Mr. Klingensmith reported that the Marketing & Communications Committee has met four times since February and has decided to focus initially on understanding marketing-related capacities and issues. The Committee has reviewed and is gaining an understanding of a situation analysis, Chautauqua's Marketing & Communications Department's function and responsibilities, and the Institution's market strategies and 2016 market performance metrics and targets. It will be reviewing the 2016 marketing performance after the season has concluded. The Committee is focusing on both short term (2016) and long-term marketing strategies and results, with an emphasis on preparing for the 2017 season.

Nominating & Governance

Ms. Gwin reported that the Nominating & Governance Committee has identified a potential candidate to replace Mr. Renjilian, whose term ends in October 2016. The committee will present the candidate's information to the Board at its July meeting and will seek the candidate's election at the August Board meeting. The Committee continues to build the pipeline of candidates, and Ms. Gwin asked the Board to assist in identifying candidates with strong financial and strategic planning skills and those that reflect diversity in age and gender.

ARB

Mr. Jeffrey reported that the case load for the ARB has been reduced with the revisions made to the Architectural Land Use Regulations. Mr. Shedd is now able to approve many of the minor cases that were previously required to go to the ARB for consideration and approval. The ARB will be reviewing those regulations this summer to determine if further refinement is necessary or desirable. Finally, Mr. Jeffrey reported that the one case that was in litigation has now been settled and that the property owners have removed the violating encroachments, paid the agreed-upon penalty, and reimbursed the Institution's attorneys' fees.

Hotel Board

Mr. Becker reported that the Hotel Board met earlier this week and is working on the delivery of its new bi-furcated business model. The Hotel has had many capital improvements over the winter, and the sprinkler system has been installed and will be fully operational prior to season. The Hotel Board has a small working group that works with the Staff on financials, reviews the audited financial statements, and works the Institution's Audit Chair in the final review and approval of the audited financial statements for the Hotel.

Executive Session

On motion made, seconded and carried, the Board went in to executive session inviting Mr. Becker, Mr. Price, Ms. Bonner, Mr. James, Mr. Camden, Mr. Baggiano and Mr. Murphy to participate.

During the executive session, Mr. Pardo recognized Ms. Maxwell, Chair of the Audit Committee.

On the recommendation of the Audit Committee accepted as a motion, and with a second and after discussion, the Board of Trustees unanimously approved the audit for the Chautauqua Institution.

On the recommendation of the Audit Committee accepted as a motion, and with a second and after discussion, the Board of Trustees also unanimously approved the audit for the Chautauqua Hotel Company.

During the executive session, Mr. Pardo recognized Ms. Gwin, Chair of the Nominating & Governance Committee.

On the recommendation of the Nominating & Governance Committee accepted as a motion, and with a second and after discussion, the Board of Trustees unanimously adopted the recommendations for increased Board transparency and community engagement detailed on pages 52 and 53 of the Board pre-read materials and directed that the Institution communicate those recommendations to the Chautauqua community as promptly as practical.

The recommendations will be posted in the spring 2016 *Chautauquan*.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Rindy S. Barmore
Corporate Secretary
Chautauqua Institution Board of Trustees

EXHIBIT A

WHEREAS, Chautauqua Foundation, Inc. (“Borrower”) desires to obtain from FIRST NIAGARA BANK, N.A. (“Lender”) one or more credit facilities of any kind or nature (collectively, the “Loans”); and

WHEREAS, the Chautauqua Institution (the “Company”) desires to enter into one or more guaranty agreements (the “Guaranty”) in connection with the Loans; and

RESOLVED, Thomas Becker and Sebastian Baggiano (each an “Officer”) acting alone is hereby authorized on behalf of Company to enter into and perform under the Guaranty; and it is further

RESOLVED, that in connection with the Guaranty, such Officer be, and each of them acting alone is hereby authorized to (a) make, execute and deliver guaranty agreements and amendments to and modifications of any thereof) of Company; and it is further

RESOLVED, that the foregoing documents be in such form and content as such Officer executing the same shall approve, their approval to be conclusively evidenced by the execution thereof; and it is further

RESOLVED, that these Resolutions shall have the force of a continuing agreement with Lender and shall be binding upon Company until a Resolution amending them shall have been duly and legally adopted and Lender shall have been furnished a certified copy; and it is further

RESOLVED, that any Officer of Company is hereby directed to certify to Lender a copy of these Resolutions, and to certify the names of the Officers authorized to execute the documents, together with specimens of their respective signatures; and it is further

RESOLVED, that the Officers of Company are, and each of them acting alone is, authorized on behalf of Company to execute and deliver any agreement, document or instrument, to take any action, and to make any filing necessary or appropriate to effectuate the foregoing resolutions.

EXHIBIT B

RESOLVED THAT The Chautauqua Institution, acting through its President, Thomas Becker, or his designees, be, and it hereby is, authorized to execute and deliver in favor of the Chautauqua Foundation, Inc. a Revolving Line of Credit Note for up to \$25 million relating to the Amphitheater Renewal Project, with the form of the to-be-executed and to-be-delivered note being in the form exhibited in the pre-read materials that were circulated to the Board of Trustees in advance of its May 7, 2016, meeting or in such other form as shall be approved in writing by the Chairman of the Board of Trustees and the Chairman of the Asset Policy Committee.