

CHAUTAUQUA INSTITUTION BOARD OF TRUSTEES
Saturday, May 3, 2014
Bellinger Hall, Chautauqua Institution, Chautauqua, NY

MINUTES

<u>Members Present</u>		<u>Members Absent</u>	<u>Others Present</u>	
Jim Pardo – Chair	Bob Metzgar	Don Boswell	Sherra Babcock	George Murphy
Karen Arrison	Dede Trefts McEvoy	Carolyn Byham	Sebby Baggiano	Sam Price
Jill Bellowe	Greg Miller	Jennifer Delancey	Rindy Barmore	John Shedd
Jim Brady	John Milos	Jack McCredie	Tom Becker	Bruce Stanton
Christine Brueschke	Sheila Penrose		Hugh Butler	Linda Steckley
Laura Currie	Steve Percy – ex officio		Doug Conroe	Jordan Steves
Jim Groninger	Jason Phillips		Matt Ewalt	Maureen Rovegno
Bonnie Gwin	Tim Renjilian		Robert Franklin	
Bob Jeffrey	David Rosen		Geof Follansbee	
Ron Kilpatrick	John Viehe		Marty Merkle	
Candace Littell			Deborah K. Moore	

Mr. Pardo opened the meeting with a word of prayer.

I. Minutes

The minutes of the February 8, 2014 meeting of the Board of Trustees were approved as presented.

II. Report of Chairman

Mr. Pardo thanked Mr. Phillips, Mr. Renjilian, Mr. Milos and Ms. McEvoy and the staff for their work in yesterday's meeting. He recognized Mr. Follansbee and his staff in producing the Promise Day event that was held in Washington, telecast to eight locations throughout the country, and included over 450 individuals at the various venues. Several trustees served as hosts throughout the country, including Mr. Brady, Mr. Viehe, and Ms. Byham. Mr. Butler also served as host of an event, and Mr. Pardo thanked each of them for their participation and support of the event. He urged the Board members to make their philanthropic gifts and pledges prior to the season at levels appropriate for their individual circumstances, and he noted the importance of 100% trustee participation for both the annual fund and the campaign. Mr. Pardo reviewed the results of last summer's trustee survey and the progress made by the Board and staff in addressing the themes for discussion that were developed through that survey.

III. Report of President

Mr. Becker referred to the summary report of the Chautauqua Lake issues, which was prepared by Mr. Conroe. He highlighted several areas of the report, including the algae analysis conducted by staff throughout the season. The issues regarding the lake are long-term and on-going. There is a contract in place with the Lake Management Association to deal with the weeds and vegetation during the season.

Mr. Becker also briefly highlighted some of the programs for the 2014 season.

IV. Committee Reports

Asset Policy

Mr. Kilpatrick provided the report of the Asset Policy Committee, which met earlier this week and reviewed the financial update on performance versus plan. Long-term tickets sales are 325 behind last year at this time. Season tickets are 11 ahead of last year, with 98% of planned volume achieved to date. As of April 21, 2014, current Hotel occupancy is 57%, or 6% behind the same time last year. The committee also reviewed the 2014 capital budget and capital planning model. Mr. Shedd provided an update on the capital projects. The Amphitheater construction document phase has begun and the architects are working in particular on the back-of-the-house exterior design. The Amphitheater Advisory Group will meet next week to review those plans. Fundraising for the project continues with approximately \$20 million raised to date.

A sub-committee will be updating the Capital Planning Model and report their findings to the committee and the Board. The Hotel has renovated seven rooms, the new elevator will be operational before season, the dining room has been painted, and upgrades have been provided for the new restaurant. The new restaurant, Heirloom, will be open to the public for reservations. The 2014 Hotel Operating Plan includes a new foodservice model that decouples the traditional American plan to the European plan where only buffet breakfast is included in the daily rate.

Audit

Mr. Renjilian provided the report of the Audit Committee. The committee met on April 7th to review the audited financials statements for the Hotel and the Institution and again on the 28th to finalize the audits. The Institution, as in the past, received a qualified opinion. Mr. Renjilian noted that having a qualified opinion does not affect the Institution in terms of its relationship with the banking institutions. It is also in the best interest of the Institution from a legal stand point not to record its beneficial interest in endowments held by the Foundation. This is a long standing practice and the readers of the audit are used to seeing this and therefore it does not create public relations issues. The committee also reviewed an overview on procurement and contracting including the policies in place, controls and compliance areas, and the reporting process for both the Institution and the Hotel Corporation. As part of their annual review, the committee reviews the Conflict of Interest Annual Report and reported no areas of conflict. Mr. Renjilian has asked Ms. Littell to lead a small group to update the Risk Review Matrix.

Upon the recommendation of the Audit Committee and on motion made, seconded and carried, Board accepted the December 31, 2013, Audited Financial Statements for the Chautauqua Institution and the Chautauqua Hotel Company.

Program Policy

Mrs. Bellowe reported that the committee met on April 22nd at which time they reviewed a revised Program Policy Mission Statement. Minor changes are being made to the policy, which will be brought back to the committee for approval in the near future. The committee participated in an on-line presentation of the 2014 program as it relates to the Strategic Plan. The programmatic goals include attracting new individuals, retaining that attendance, having those individuals advocate on our behalf, and ultimately having those individuals give philanthropically to Chautauqua. Mr. Becker discussed those programs that are innovative, are collaborative, provide engagement, and are inter-generational

in nature, as well as those programs that are considered to be new discoveries. The CSO, staff and some members of the Program Policy Committee have created a Mission Statement for the CSO. This is for the committee's information only and does not require Board action. This document will assist in the orientation of the new CSO Conductor.

Nominating & Governance

In Mr. McCredie's absence, Ms. Gwin provided the report of the Nominating and Governance Committee, which met in April and yesterday to discuss Trustee vacancies this year. There are two Class A vacancies in 2014 created by the departure of Mr. Groninger and Mr. Phillips, and a Class B vacancy arising from the departure of Mr. Viehe. Mr. McCredie has drafted a Trustee Director Expectation document that will be used in the recruitment and training of new Trustees.

Personnel

Mrs. Currie provided the report of the Personnel Committee. Mr. Koerner, Human Resources Consultant, provided the committee with a report on current personnel policies, organization structure and staffing, training and development of staff, and areas of risk management. A new software program has been purchased to support the hiring process of both full time and seasonal employees. This program will streamline the process and assist the payroll department. In terms of risk management, the Institution is developing and implementing a safety program. This will include, yet not be limited to, naming a safety officer, forming a safety committee, and conducting an audit to determine gaps in safety policies and procedures.

Promise Campaign

Mr. Percy reported on the status of the Promise Campaign. Recruitment of volunteers for the campaign is nearly complete. The next Promise Day event will be a dinner held in the Amphitheater on Thursday, June 19th. The Campaign has achieved nearly 63% of the dollars needed towards its overall goal of \$98.2 million. The fundraising for the Amphitheater Project is progressing with a recent gift from the Hultquist Foundation of \$1.5 million, which is included in the fundraising totals.

Development Council

Mr. Brady referred to the Development Reports, noting that the Chautauqua Fund has been focusing on driving the size of individual gifts higher and increasing the overall number of donors. The Council focused on volunteerism and leadership development. Mr. Follansbee referred to the work of the NOW Generation and the Advisory Committee, which has taken on the role of planning the programs and ways to introduce philanthropy to the NOW Generation. The Council discussed the volunteerism trends, what the volunteer structure would be look in ten years with individuals that are on the grounds for shorter periods of time, and ways to replenish the volunteer structure that has supported the fundraising for the last several years.

In terms of the fundraising for the Amphitheater, just over \$20million has been raised to-date. Staff submitted a grant request to the Oshei Foundation for a \$2.5 million challenge grant. The current expectation is that the required funds will be raised by mid-season 2014 to allow for Board approval, the bid process to proceed, and for the construction process to begin at the end of the 2015 season.

Chautauqua Foundation

Mr. Percy provided a report on the Foundation portfolio noting that the current assets of the Foundation totaled \$74,040,779.

Architectural Review Board

Mr. Jeffrey reported that a contractor training session on the new regulations was recently conducted and that four additional sessions will be held this season with homeowners and realtors. The ARB met on Thursday to consider a single case. Mr. Jeffrey referred to the benefits of the new regulations, noting one case in particular in which an applicant chose to restore and renovate a building in decline rather than request a demolition certificate from the ARB.

Report of Hotel Board

Mr. Becker reported on the work of the Hotel Board. The capital reinvestment to the Hotel continues. The early bifurcation of the food plan and the overall Hotel plan was discussed at the Hotel Board's meeting on Thursday. Karen Williams, Customer Service Manager, will assist in the overall customer service training not only at the gate, but at the Hotel as well. Mr. Becker reported that the Hotel Board is very engaged in the improvements to the Hotel and increasing occupancy.

V. Executive Session

On motion made, seconded and carried, the Board went into executive session inviting Mr. Percy, Mr. Price and Mr. Becker to remain present and participate.

There being no further business the meeting was adjourned.

Respectfully submitted,

Rindy S. Barmore
Corporate Secretary
Chautauqua Institution Board of Trustees