



**CHAUTAUQUA INSTITUTION
BOARD OF TRUSTEES**

**Monday, December 9, 2024
Via Zoom**

MINUTES

Trustees Present: Michelle Adelman, Matt Benson, Laurie Branch, Rick Evans, Karen Goodell, Paul Hagman, Izumi Hara, Terry Horner, Candace Maxwell, Sarah McWilliams, Steve Messinger, Mike Metzger, Gwen Norton, Bob Obee, Rich Osborne, David Pelton, Sara Ponkow, Larry Thompson, Steve Zenczak

Trustees Absent: Veronica Biggins, Nancy Gibbs, David Peckinpugh, Jill Penrose, Marnette Perry

Others Present: Sebby Baggiano, Geof Follansbee, Amy Gardner, Michael Hill, Dana Lundberg, Debbie Moore, Deborah Sunya Moore, Emily Morris, Shannon Rozner, Laura Savia, Karen Schiavone, Angela Schuettler, John Shedd, George Snyder, Melissa Spas, Jordan Steves, Amit Taneja, Vanessa Weinert

I. Welcome

Ms. Maxwell called the meeting to order and gave an overview of the actions to be taken during the meeting. Ms. Maxwell noted that Trustees received pre-read materials on the budgets last week and had an opportunity to attend or view a recording of an educational webinar and ask questions. She also noted that the policies being brought forward for approval were provided in November Board meeting materials and discussion about them occurred at the November Board meeting.

II. Approval of the 2025 Operating Budget

Ms. Maxwell noted that the budget drafted by management and recommended by the Budget & Finance (B&F) Committee meets the bottom line for 2025 in the proforma and reflects execution of strategies related to improving guest experience. Ms. Maxwell expressed thanks to Ms. Schuettler and other members of the executive staff for the process and to the B&F Committee for reviewing and recommending this budget.

Ms. Maxwell cautioned that management has determined the five-year proforma for 2026 and beyond is not achievable within the current business model. Management has recommended hiring an external advisor to assist in evaluating the operating model, as well as staffing and other structures needed to support it.

Dr. Hill added that the budget as presented represents many difficult decisions, and the process of creating it made it clearer than ever that the current operating model is unsustainable in the long run. He emphasized that now is the time to make appropriate changes to ensure that Chautauqua remains financially sustainable.

Upon motion duly made by Dr. Branch on behalf of the B&F Committee, a resolution, as presented in the December 9, 2024, meeting pre-read materials, to approve the 2025 Operating Budget passed.

During discussion of the motion, in response to a question regarding what did or did not make it into the 2025 operating budget, Dr. Hill explained that there are increased costs in this budget reflecting inflationary and regulatory changes, including increasing artist and speaker fees, mandatory minimum wage increases for existing staff to do their existing work, and increased costs for basic supplies and operations. He noted that management is forecasting a fairly dramatic escalation in expenses not because the Institution is operating differently, but because the costs of operating as we always have are rising at a faster rate than revenue is expected to rise.

Dr. Hill noted that despite this challenge, staff will focus heavily on improving customer experience in 2025, particularly in areas that came up often in the Forum Dialogues and patron surveys. The budget calls for investment in ticketing services, additional housekeeping resources, website revisions, and alterations to food and beverage service. Dr. Hill noted that no one area bore the brunt of changes, and it is management's belief that the impact of cost containment in 2025 will likely remain "behind the scenes" and should not be obvious to patrons.

Dr. Hill reiterated that the Board and management have traditionally held down prices, partly because the Institution does not want to make Chautauqua inaccessible nor alienate our most loyal patrons, but the reckoning of that pricing strategy has arrived. Each time price increases were suppressed, there was a compounding impact on operating revenues because costs continued to rise and the result is that price is deeply misaligned with costs of operations.

In response to a question regarding scope and purpose of engaging a third-party advisor to support future planning, Dr. Hill stated that, while management does not want to get too far ahead of the process without the Board's participation, he anticipates a third party advisor will help the Board and management better understand the larger climate in which Chautauqua operates; identify where our operating model needs to change; and give advice on designing the appropriate staffing, systems and structures that will allow the Institution to succeed long term. Questions were asked regarding the cost and more detailed scope of work. The conversation was deferred given the full agenda for today's meeting. Ms. Maxwell noted that the engagement of an external advisor would be completed in time to influence the 2026 budget.

The Board discussed the level of risk in the proposed budget, with some Trustees expressing concern that it was understated. It was suggested that another \$500,000 be taken out of indirect expenses to reduce downside risk. Dr. Hill stated that management takes risk assessment very seriously and has a good track record of delivering program, revenue and expense as planned. Dr. Hill acknowledged this is a "tough" budget, but expressed confidence that staff can deliver it.

Dr. Hill was asked about his confidence level that staff can deliver on the operational improvements committed to in November, while also working with an external advisor, recasting the proforma, and delivering the "normal" work involved in a season. Dr. Hill stated that he is confident, noting that with the exception of 2022, the current management team has a track record of meeting budget and has also effectively managed operations in the past five years through unprecedented challenges.

III. Approval of the 2025 Annual Maintenance Capital Budget

Upon motion duly made by Dr. Branch on behalf of the B&F Committee, a resolution, as presented in the December 9, 2024, meeting pre-read materials, to approve the 2025 Annual Maintenance Capital Budget passed.

IV. Approval of Board Annual Budget Policy

Upon motion duly made and seconded the Board Annual Budget Policy as presented in pre-read materials was approved.

V. Approval of Board Expenditures Policy

Upon motion duly made and seconded the Board Expenditures Policy as presented in pre-read materials was approved.

VI. Approval of Board Capital Project Review and Approval Policy

Upon motion duly made and seconded the Board Capital Project Review and Approval Policy was approved as amended to add “and timing” to the second bullet point on the Capital Project Checklist following “project scope.”

Ms. Maxwell thanked Dr. Branch, the B&F and Audit Committees, Ms. Schuettler, and other staff for work on these policies.

VII. Authorization to Vote Electronically through OnBoard

Ms. Maxwell explained the increased likelihood the Board will need to approve time-sensitive items going forward, especially under the new policies just passed. She also noted that the full Board will need to approve the capital checklist for the Roe Green Theater Center project in the next few weeks. Rather than call the full Board together each time, Ms. Maxwell requested authorization to vote electronically, absent a meeting.

A motion duly made and seconded to authorize the 2024–2025 Board to utilize electronic voting through the Board portal, OnBoard, in lieu of calling a special meeting of the Board whenever it is deemed appropriate to do so by the Board Chair in consultation with legal counsel was approved by all members present.

Ms. Maxwell noted that the law requires that all 24 Trustees vote unanimously to approve electronic voting absent a meeting, including the votes of those not on this call, so the authorization will only be complete if and when the five absent Trustees approve it. Ms. Maxwell will inform Trustees of the votes of the five absent Trustees. In the meantime, staff are developing the Roe Green Theater Center materials and they will be sent to Trustees when ready.

VIII. Adjournment

Upon motion duly made and seconded, the meeting was adjourned.

Respectfully submitted,

Shannon D. Rozner
Corporate Secretary
Chautauqua Institution Board of Trustees

Budget & Finance 2025 Budget Resolutions

The Committee hereby recommends the following budgets for 2025 to the full board for approval:

1. The Operating budget consisting of:
 - a. The 2025 Budget statement of activities by pillar for revenue
 - b. The 2025 Budget statement of activities by pillar for expenses
 - c. The 2025 Cash Flow expectations
 - d. The Budget Risk discussion and review page
2. The 2025 Annual Maintenance Capital budget consisting of:
 - a. The expenditures outlined in the 2025 Capital Budget and specifically the list of projects over \$25,000 contained therein
 - b. Capital contributions to the 2025 Capital Budget in the form of Special Gifts/Grants of \$329,300 and Endowment payments of \$273,000
 - c. Expenditures of \$300,000 for the Hotel, the details of which have been reviewed and approved by the Hotel Board