

## Seattle Rep Board Meeting

**Thurs., Oct 15<sup>th</sup>, 2020  
4:30pm – 6:30pm**

**Location:** Zoom Meeting

<https://us02web.zoom.us/j/84585971877?pwd=UmNPcHUxUmxzeUhKaEFjUytZYWVPdz09>

Call in: +1 253 215 8782  
Meeting ID: 845 8597 1877  
Passcode: 875449

### **PRE-MEETING:**

- Happy Half-Hour @ 4:00pm

<b>ITEM</b>	<b>SPEAKER</b>	<b>TIME</b>
Welcome	Amy Bautista	4:30pm
Approval of Sept 17 <sup>th</sup> Minutes	Amy Bautista	4:35pm
EDI: Engaging in Discussions of Race	DonYeta Villavaso-Madden	4:40pm
Trustee Recruitment	Juli Farris/Janice Tsai	5:55pm
Finance Update <ul style="list-style-type: none"><li>• IPS Approval</li></ul>	Scotland Glenn	6:10pm
New Business	Amy Bautista	6:15pm
Executive Session	Amy Bautista	6:20pm
Adjourn	Amy Bautista	6:30pm

### **NEXT MEETINGS:**

- Special Board Meeting: Thurs., Nov 12<sup>th</sup> 4pm – 5:30pm
- November Board Meeting: Thurs., Nov. 19<sup>th</sup> 4:30pm – 6:30pm

#### **SEATTLE REP MISSION**

Seattle Rep collaborates with extraordinary artists to create productions and programs that reflect and elevate the diverse culture, perspectives, and life experiences of our region.

#### **SEATTLE REP VISION**

Theater at the heart of public life.

#### **SEATTLE REP VALUES**

Artistic Vitality, Sustainability, Generous and Inclusive Practices

**SEATTLE REP**  
**Board Meeting Minutes – September 17<sup>th</sup>, 2020**

**[Proposed]**

IN ATTENDANCE (via Zoom): Braden Abraham, Sue Ashmun, Amy Bautista, Jarvis Bowers, Charlie Brown, Lynne Bush, Diane Cody, Jim Copacino, Tracy Daw, Geraldine DeRuiter, Juli Farris, Donte Felder, Karen Fletcher, Scotland Glenn, Jay Hereford, Jeffrey Herrmann, Alyssa Hochman, Winky Hussey, John Keegan, Stellman Keehnel, Lynne Kjolso, Leslie Lackey, Mandy Leifheit, Marko Lias, Charlotte Lin, Sandra Lucas, Sandy McDade, Carla Millage, Terri Olson Miller, Lisa Oratz, Salim Peshawaria, Rebecca Pomeroy, Anita Ramasastry, Carlyn Steiner, John Stilin, Rashelle Tanner, Janice Tsai, Marisa Walker, Nancy Ward, Tom Wright

ABSENT: Matthew Bergman, Debra Canales, Oneika Cassanova, Donna Cochener, Gwen Kroon, Becky Lenaburg, Kevin Millison, Tim Rattigan, Anne Simpson, Rick Stead

ADVISORY COUNCIL MEMBERS (via Zoom): Kaitlyn Casimo, Joanne Euster, Mary Kay Haggard, Rachel McCracken, Tricia Pearson

HONORARY BOARD MEMBERS (via Zoom): Robin Nelson

STAFF (via Zoom): Hattie Andres (Assistant to the Artistic Director & Artistic Associate), Elisabeth Farwell-Moreland (Producing Director), Vinita Gupta (Director of Finance), Michelle Haines (Director of Marketing & Communications), Jamie Herlich McIlwain (Director of Development), Angie Kamel (Public Works Director), Kaytlin McIntyre (Director of Casting & New Play Development), and DonYeta Villavaso-Madden (Director of Human Resources)

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*All documents referenced in the minutes below can be accessed on the password-protected Board Corner. See “9-17-2020 Board Meeting Packet” and “9-17-20 Finance Update Presentation.”*

**I. WELCOME/APPROVAL OF AUGUST 13<sup>th</sup> MINUTES**

- Managing Director Jeffrey Herrmann took roll at 4:33pm and Board Chair Amy Bautista called the meeting to order at 4:34pm.
- Board Chair Amy Bautista proposed a motion to approve the Aug 13<sup>th</sup> Board minutes. Charlotte Lin made the motion to approve the minutes and Rebecca Pomeroy seconded. After a consent vote, the minutes were unanimously approved.

**II. ARTISTIC PRESENTATION: NEW PLAY DEVELOPMENT & THE OTHER SEASON**

- Artistic Director Braden Abraham previewed a number of new artistic initiatives being readied for launch this season.
- The largest is a new play commissioning project entitled “20x30,” which

will commission 20 new plays by 2030. Six commissions, to writers ranging from emerging to long-established playwrights, with a particular focus on BIPOC and female-identifying writers, will jump-start the program this season.

- Additionally, the Rep will launch a new director commissioning initiative, which will see the Rep provide directors with the resources to develop projects for possible future production at the Rep.
- Braden also previewed a new virtual series, “Plays in Process,” which will launch in January providing Rep patrons with an inside look at shows the Rep is developing for the future and an opportunity to hear from the creators behind each piece and witness a scene or song from the piece.
- Lastly, Braden reminded Trustees about the monthly “(Re)Imagine Theater” panel series described at the previous Board Meeting.
- Amy Bautista asked Braden for an elevator pitch to describe the Rep’s current programming. Braden’s said: “We’re investing in the future and staying connected through a variety of virtual programs.”
- A “one sheet” describing the Rep’s activities was requested for use by Trustees. Senior Leadership is working on creating and distributing this.
- Director of Casting & New Play Development Kaytlin McIntyre then discussed Seattle Rep’s new play development lab, the Other Season.
- Kaytlin shared some recent highlights from the Other Season, including five online workshops with many more planned for the fall and winter.
- Kaytlin then showed a video capturing a recent Other Season workshop of COURT by Holly Arsenault, the first in a series of videos designed to share the work happening under the auspices of the Other Season with the general public. Kaytlin encouraged Trustees to keep checking the website for info on upcoming Other Season activities.

### **III. FINANCE UPDATE**

- FY20 Close Out: Jeff celebrated a projected \$34K surplus for FY20 and commended Senior Leadership for their work balancing the budget.
- Jeff then reviewed the theater’s budgeted vs. actual financial results over the past 7 years, noting the growth in the Rep’s budget over this period of time from \$9.3M (FY13) to \$15M (FY20); the decline in the size of the deficit budget the organization has adopted since it initiated this practice in FY15 (down from -\$1.25M in FY15 to a balanced budget in FY21); and actual results against each of those deficit budgets (largely a positive story over the past five years, with the exception of the extraordinary -\$2.9M loss in FY17). Assuming the FY20 audit confirms the projected \$34K surplus, the Rep’s accumulated deficit will stand at just under -\$3.2M.
- Artistic Programs Budgeted: Artistic Director Braden Abraham again reviewed the artistic programs that the FY21 budget will support, including virtual Other Season workshops; the launch of the “20x30” commission project; the new director commissioning initiative; artistic conversations; arts and youth engagement activities; and Public Works programming.
- He also noted that \$250K had been included in the FY21 budget to

support other, as-yet-unspecified artistic projects that might arise this season. Braden described one such piece by Cheryl L. West about civil rights activist Fannie Lou Hamer, which the team had hoped to program as an outdoor touring show in the run-up to the election, but which ran up against the statewide ban on indoor and outdoor performance. Braden also mentioned that he and team were exploring livestreaming options.

- In response to a question from Leslie Lackey, Braden confirmed that the \$250K is for new artistic projects, rather than the commissions, arts engagement activities, the Other Season, etc. he described earlier.
- FY21 Proposed Budget: Jeff walked through the proposed FY21 budget, which is balanced at \$5.7M. He noted that revenue consists of \$3.8M in fundraising, \$1.2M from the PPP loan, and \$300K in donated tickets. He also shared that 60% of the \$5.7M in expenses was for payroll and that another 20% was to support the facility. Jeff noted that the theater's cash holdings would decline by \$2.1M over the course of the season, ultimately raising the question of whether we will have enough available in hand to launch a substantive FY22 season.
- Amy Bautista noted that the difficult cash situation was due, in part, to the pandemic but also the Rep's -\$3.2M accumulated deficit.
- Campaign Overlap with Operations in FY21: Director of Development Jamie Herlich Mclalwain said that while only \$370K in campaign funds are embedded in the FY21 budget, the plan is to raise at least \$3M in campaign funds this season for use in future years.
- Finance Committee Chair Scotland Glenn commended Senior Leadership for bringing a balanced budget to the Board for the first time in six seasons.
- Devo Strategy Committee co-Chairs Marko Liias and Anita Ramasastry expressed concern about the pressure placed on a reduced development staff to meet this year's contributed goals, flagging that the FY21 budget does not include funds to rehire staff in advance of (hopefully) reopening the theater in FY22. Jeff replied that it is a priority to develop a re-opening and re-staffing plan (for example, in order to start producing again next September, production staff would need to return in January or February).
- Anita emphasized that she was not advocating for changes to the FY21 budget but rather that triggers should be identified for rehiring devo staff.
- Nancy Ward reiterated the request from earlier in the meeting for a "one sheet" describing the Rep's current activities so that Trustees can advocate on behalf of the Rep. Director of Marketing & Communications Michelle Haines assured Trustees that a "one sheet" was forthcoming, along with similar communications aimed at patrons.
- Approval of the FY21 Budget: Amy Bautista proposed a motion to approve the full FY21 budget. Terri Olson Miller made the motion to approve the budget and Charlotte Lin seconded. After a consent vote, the budget was unanimously approved.

#### **IV. ACT I BOARD GIVING UPDATE**

- Jamie gave an overview of Act I of the Campaign for Seattle Rep, a three-year, \$15.8M effort designed to invest in our three organizational values: artistic vitality, sustainability, and generous and inclusive practices.
- Campaign Committee co-Chair Winky Hussey reviewed that, in June 2019, the Board approved the campaign and that all Trustees signed a document committing to 100% Trustee participation, to sitting for a campaign meeting, and to considering a personal gift for the campaign above and beyond each Trustee's annual fund commitment. Due to COVID-19, the deadline for Trustee campaign pledges was moved from June 30<sup>th</sup>, 2020 to August 31<sup>st</sup>, 2020. Winky also expressed thanks to the Board Giving Task Force, led by co-Chairs Nancy Ward and Stellman Keehnel.
- Jamie reported that 86% of the Board has made a campaign pledge. She is waiting on just five Trustees who need a little more time to confirm their gifts. Jamie then reviewed next steps for the campaign: convening an internal staff retreat in order to sharpen the narrative and the plan in response to the pandemic; starting conversations with the Board Family and new Trustees; and developing a plan to approach non-Trustee donors.

#### **V. TRUSTEE ENGAGEMENT SURVEY**

- Trustee Engagement Committee (TEC) co-Chair Karen Fletcher reported that roughly two-thirds of the Board had completed the Annual Trustee Survey. Karen reminded Trustees that completing the survey was a part of their obligation as a Board member.
- TEC member Janice Tsai reviewed some takeaways from the survey:
  - There were kudos for the Rep's leadership; the development team; virtual Board meetings; the new Boardroom technology; and virtual events and readings.
  - There was a desire for improving the level of audience and Board diversity and strengthening connections within the Trustee Family.
- Overall, the survey suggested that Trustees are very engaged!

#### **VI. TRUSTEE RECRUITMENT UPDATE**

- Trustee Recruitment Committee co-Chair Juli Farris reported that the committee is continuing to recruit on a rolling basis and hopes to bring new candidates forward soon. Juli said that the committee is discussing adding some artists to the Board, too. Jeff reported that he sent out the Board recruitment/EDI elevator pitch along with the meeting materials.

#### **VII. FY21 BOARD COMMITTEES**

- Jeff reviewed FY21 Board Committee assignments. Board President Sandy McDade said that much time and thought had gone into these assignments. Additionally, Sandy reminded everyone that all Trustees are welcome to attend Executive and Finance Committee meetings. Hattie agreed to send calendar appointments for these meetings to all Trustees.

**VIII. FY21 BOARD/EXEC MEETING TOPICS**

- Amy reviewed the proposed Board and Executive Committee meeting topics for the season, noting a past decision to focus on one main topic per meeting.

**IX. NEW BUSINESS**

- There was no new business.

**X. EXECUTIVE SESSION**

- The Board adjourned for an Executive Session at 6:15pm.

**XI. ADJOURN**

- The meeting adjourned at 6:30pm.

## SHEILA OH



Sheila directs the career change [certificate program in computer science fundamentals](#) at Seattle University, a part-time program that prepares students with no prior computer science background to enter the Master's program in computer science. She also serves as the faculty advisor for the Women in Technology (ACM-W) club at Seattle University. Before moving into academia, Sheila spent time as a technology consultant, software engineering manager, and director of operations.

Passionate about supporting and providing opportunities for women in technology, Sheila was a founding community leader of Seattle AnitaB.org, which launched in June 2016. She led the organization of [2017 Hopperx1 Seattle](#) and [2019 Hopperx1 Seattle](#), locally organized conferences modeled after the [Grace Hopper Celebration of Women in Computing](#). The conference featured over 100 speakers, 13 keynotes and featured speakers, over 150 volunteers, 31 sponsoring companies, 50 scholarships, and 1,500 attendees, with registration selling out in less than 4 hours.

Wanting to create real impact towards gender parity and equality for Seattle women in tech, Sheila co-founded [LevelUp Seattle](#), whose mission is to build an empowering community for mid-to-senior female technical leaders across the Greater Seattle Region, providing support, development and connections, and the [Women in Tech Consortium](#), a group of community focused volunteers that collaborates with existing women in tech groups to help connect women and allies working in the tech industry for support, job opportunities, and building community. In its first event, the WIT Consortium curated the Deep Sea technical track of [Seattle WIT Regatta](#)'s virtual conference held August 10 – 20, 2020.

Classically trained in violin and piano, with an AB in Music and AM in Ethnomusicology from University of Chicago, Sheila performs with the [Seattle Philharmonic Orchestra](#). She also serves on the board of [Live Music Project](#), whose mission is to connect people with the means to access and experience live classical music in a way that strengthens community, celebrates listener agency, and amplifies local arts resources.

In her spare time, Sheila enjoys reading, performing music and dance, attending concerts and musicals, and hiking the great PNW!

## NATE SIMPSON



Nate is a Program Officer at the Bill & Melinda Gates Foundation working in the U.S. Programs, Postsecondary Success team. The team's goal is to strengthen American higher education's ability to both offer accessible, high-quality, and affordable postsecondary education and provide the necessary support to ensure that students complete their programs of study on time. Within that team, he oversees a \$28M portfolio of funding designed to simplify students' journeys through U.S. post-secondary institutions to credentials of value with a focus on Black, Latinx, and other minoritized populations.

Before joining the Foundation, Nate served 15 years in the field of higher education. He led several student success initiatives that spanned the nation but primarily in his hometown of Chicago, IL, and Dallas, TX. He had a long, rewarding career at the City Colleges of Chicago and the Dallas County Community College District. His higher education experience was focused on leading student-centered, data-informed, and high-quality student affairs teams that included a range from Student Activities, First-Year Experience, Enrollment Management to Veteran Affairs, and many more.

In his most recent position, he led partnerships between a community college and a K-12 school district to establish the only Career and Technical Education Early College High School in the Dallas-Fort Worth area. The school is unique because it allows minoritized student populations the opportunity to experience a supportive, rigorous program designed for them to complete their high school diploma and a college credential simultaneously in an in-demand field for their local community with no debt. He has served on the National Society of Collegiate Scholars board, a premier honor society for first-year undergraduate students that provides access to scholarships, leadership, and career development opportunities. Nate holds an M.Ed. in Higher Education; Student Affairs from Loyola University Chicago and B.A. in Sociology and Psychology from Morehouse College in Atlanta, GA.



# SEATTLE REP

## Finance Committee Meeting Minutes – October 8<sup>th</sup>, 2020

[Proposed]

IN ATTENDANCE (via Zoom): Amy Bautista, Nancy Brownstein (Advisory), Lynne Bush, Oneika Cassanova, Tracy Daw, Karen Fletcher, Scotland Glenn, Jay Hereford, Winky Hussey, Nancy Iannucci (Advisory), Stellman Keehnel, Leslie Lackey, Charlotte Lin, Rachel McCracken (Advisory), Sandy McDade, Terri Olson Miller, Tim Rattigan, Paul Stamnes (Advisory), Rick Stead, John Stilin, Nancy Ward

NOT IN ATTENDANCE: Matthew Bergman, Juli Farris, Jerry Gronfein (Advisory), Shannon Lawless (Advisory), Becky Lenaburg, Kevin Millison, Carlyn Steiner

OTHER TRUSTEES IN ATTENDANCE (via Zoom): Charlie Brown, Jim Copacino, John Keegan, Sandy Lucas, Carla Millage

ADVISORY COUNCIL MEMBERS IN ATTENDANCE (via Zoom): Joanne Euster

STAFF IN ATTENDANCE (via Zoom): Braden Abraham (Artistic Director), Hattie Andres (Assistant to the Artistic Director & Artistic Associate), Elisabeth Farwell-Moreland (Producing Director), Vinita Gupta (Director of Finance), Michelle Haines (Director of Marketing & Communications), Jeffrey Herrmann (Managing Director), Jamie Herlich McIlwain (Director of Development)

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*All documents referenced in the minutes below can be accessed on the password-protected Board Corner. See “10-08-2020 Finance Committee Meeting Packet” and “10-08-2020 Finance Committee Meeting Presentation.”*

### **I. WELCOME/INTRODUCTIONS**

- Managing Director Jeffrey Herrmann took roll at 5:02pm and Finance Chair Scotland Glenn called the meeting to order at 5:02pm.

### **II. APPROVAL OF JUNE 11<sup>th</sup> MINUTES**

- Scotland Glenn proposed a motion to approve the September 10<sup>th</sup>, 2020 Finance Committee minutes. Charlotte Lin made the motion to approve the minutes and Winky Hussey seconded. After a consent vote, the minutes were unanimously approved.

### **III. FY21 UPDATE**

- Projection/Financial Highlights: Director of Finance Vinita Gupta reviewed current financial highlights, noting that \$163K is currently sitting in the Rep’s checking account, a positive variance against the cash forecast. Thanks to a very generous donation this month, we were once again able to continue living off our checking account and avoid tapping reserves.
- Cash Flow: Vinita reviewed the current cash flow graph, noting changes in

how info was consolidated. Rick Stead felt that the consolidated cash flow graph was perhaps too. Amy Bautista agreed and Vinita promised to provide more detail at the next meeting.

- Winky Hussey asked whether the outstanding accounts receivable related to the annual fund or the campaign. Director of Development Jamie Herlich McIlwain replied that it included campaign pledges, as well as annual fund pledges for the current and prior fiscal years.
- Leslie Lackey asked about the number of commissions the Rep planned to offer this season. Braden replied that he is planning to launch four director commissions, one Public Works commission, and six playwright commissions, all to be announced over the next several months.
- Development Update: Jamie reported that contributions were tracking slightly ahead of Q1 projections, but she acknowledged that Q1 tended to be the slowest quarter and that the real test of the fundraising environment will come in future quarters. She also reported that many donors are waiting until after the election before making commitments and that others are redirecting their giving to other causes during the pandemic.

#### **IV. CASH FLOW: HOW DID WE GET HERE?**

- Jeff presented on the Rep's cash flow history with the goal of clarifying why the theater is currently in such a constrained cash position.
- He started by reviewing the theater's 'normal' cash flow pattern over the course of a season, which sees cash at a nadir in the winter, just before subscription sales for the next season launch. Cash holdings improve through the spring thanks to subscription renewals, the gala, and Q4 fundraising. The theater then spends cash down in the summer and fall as the new season launches. Traditionally, the Rep was easily able to support this cash cycle with the assistance of the \$4.5M line of credit.
- Jeff then reviewed budgeted vs. actual financial results for the Rep over the past 7 years, a largely positive story with the exception of an extraordinary -\$2.9M loss in FY17, a result of our production of *HERE LIES LOVE*. The accumulated deficit has since dropped from a low of -\$3.8M to -\$3.2M thanks to operating surpluses over the last three seasons. Nevertheless, since FY17, the accumulated deficit has constricted the theater's cash flow, forcing the theater to use even more of the line of credit in the winter, when cash is traditionally at its lowest.
- This winter—with the line of credit completely drawn—the theater, of course, closed in response to the pandemic. This circumstance robbed the theater of the opportunity to refill its coffers as it normally would in the spring, with the loss of single ticket revenue, cancellation of the gala, and a FY21 subscription campaign that ground to a halt.
- Jeff noted that the theater had received a \$1.7M PPP loan in April, which helped steady and support the theater's cash position last spring. In addition, Seattle Center has made the \$800K Maintenance Reserve Fund available, should we need it for operating purposes.
- Next, Jeff reviewed the goals of the campaign, which were established

prior to the pandemic, and include establishing a \$1M operating reserve and redirecting COME FROM AWAY royalty revenue against the accumulated deficit. Both of these initiatives were designed precisely to ease cash flow pressure. Additionally, the campaign as a whole is intended to enable a deeper investment in our artistry which, in alignment with the Kaiser model, will support revenue growth through attracting more patrons and donors. This will drive surplus budgets, which will also serve to reduce the accumulated deficit and improve cash flow.

- In addition, Jeff revisited the July 2020 recommendations of the Revenue Acceleration Task Force (RAT Force). Co-chaired by Tracy Daw and Rebecca Pomeroy, the RAT Force was charged with developing revenue generation strategies (that will also serve to reduce the accumulated deficit and improve cash flow). Priority RAT Force recommendations include:
  - Radically increase the size of endowment
  - Pass Cultural Access Legislation
  - Produce more shows that spin off royalties (i.e., COME FROM AWAY)
  - Take advantage of ROI on more devo staff
  - Create a VC-like structure offering investors a financial return (perhaps artist housing)
  - M&A with another arts organization
- Jeff said that the next steps with these recommendations is to establish small task forces around each to help drive them forward, something he hopes to get started this fall.
- Jeff noted that the Board had passed a full FY21 budget in September that projects a cash positive position for the Rep through June. Now we must ensure that the theater has a sufficient cash balance with which to launch the FY22 season. Jeff reminded everyone that theater is a 'cash upfront business,' in which we hire artists, launch rehearsals, build sets, and purchase advertising up-front and then collect revenue on the back-end through ticket sales. Jeff said analyzing the theater's cash needs in order to launch FY22 and then strategizing how to provide that balance would be a large part of the Finance Committee's work over the coming season.
- Jeff then briefly reviewed some of the tools at the theater's disposal to address the cash need for FY22, including:
  - Scaling down our producing ambitions for FY22
  - Fundraising for the campaign (i.e., funding the working reserve);
  - A community or Seattle Rep 'relaunch' fundraising effort;
  - Subs campaign for FY22;
  - Line of credit negotiation or partial pay-off;
  - Additional PPP programs
- Leslie Lackey asked why Jeff had said that the Rep would be amongst the last to reopen. Jeff clarified that he meant that businesses which bring masses of people together (performing arts venues, sports arenas) will be among the last to open in our community.

- Winky Hussey asked what the Finance Committee can do to help. Jeff would like the Finance Committee to work with staff over the course of the season to develop the cash flow remedies outlined above, as well as the recommendations of the RAT Force. Jeff suggested that perhaps the Finance Committee examine one area/strategy per meeting this season.
- Vinita reviewed the balance sheet (p.9 in the packet) and welcomed feedback for other metrics to include on the balance sheet and P&L.
- Paul Stamnes asked if the PPP loan would be fully forgiven; Vinita said that it would.

## **V. CAMPAIGN REVIEW/UPDATE**

- Jeff shared that the November Executive Committee meeting would be transformed into a special Board meeting in order to discuss changes that staff would like to make to the campaign, given the disruptions of the pandemic. Jamie added that she remains excited and enthusiastic about the campaign, and looks forward to sharing some of the new ideas and strategies the team has been working on. Jamie expressed her thanks to campaign co-Chairs Winky Hussey and Terri Olson Miller for their ongoing support and work.

## **VI. NEW BUSINESS**

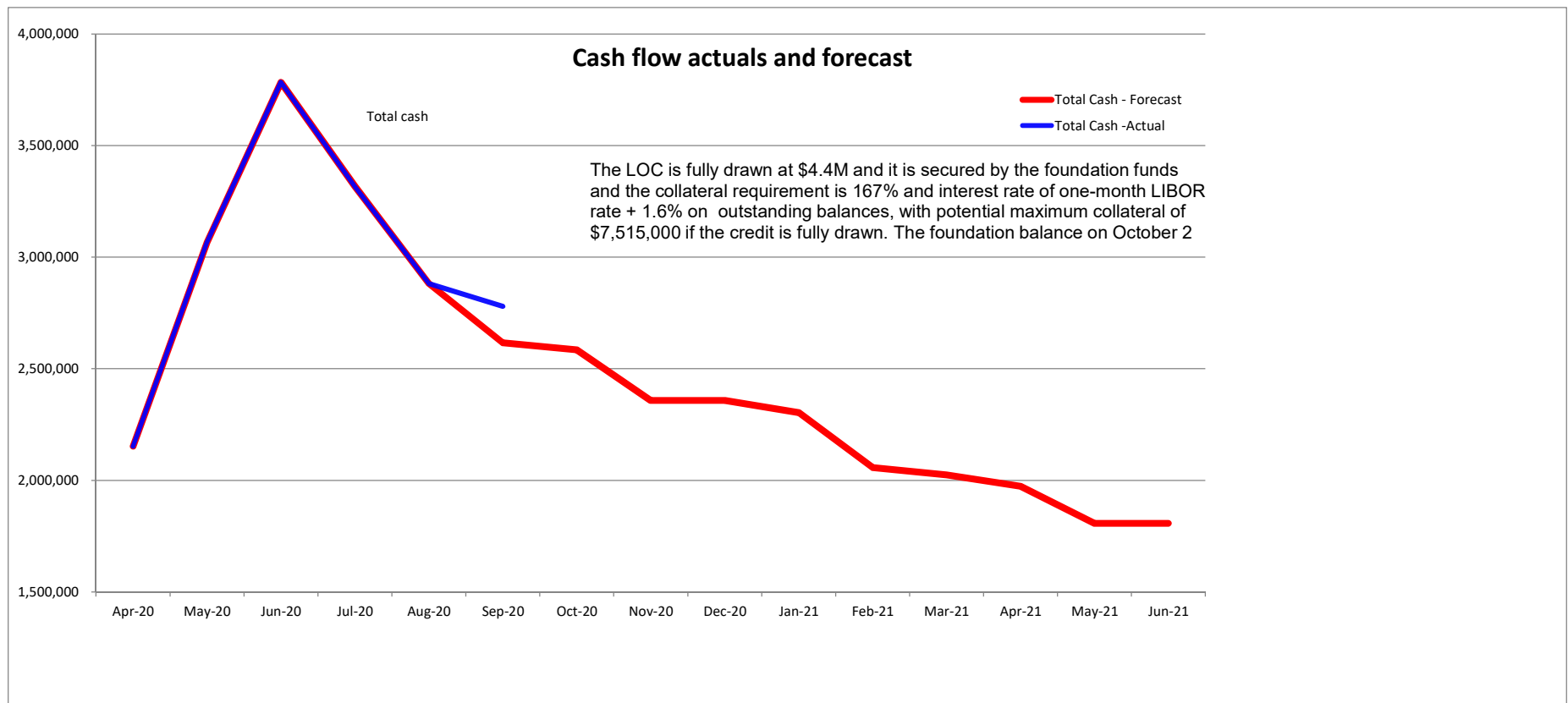
- Audit Update: Vinita shared that field work for the FY20 audit was complete and that she expected to wrap up review and adjustments next week. An audit draft will be brought to the Audit Committee, the Finance Committee, and then the Board next month.
- Capital Project Manager: Jeff shared that he was about to sign an \$11K contract with capital project manager Katie Oman (who managed the theater's renovation of the PONCHO) in order to oversee a renovation of the lobby and interior of the Bagley Wright Theater. In a sneak peek of the special Board meeting planned for November, Jeff said that these capital projects would be proposed as additions to the campaign and that he was planning to share more details next month. Normally, Jeff wouldn't bring such a small, unbudgeted expense to the attention of the Finance Committee; but given the current cash environment, he wanted to err on the side of transparency. There were no objections from committee members to the addition of this expense.
- Finance Committee Vice-Chair: Scotland announced that Oneika Cassanova had accepted the role of Vice-Chair of the Finance Committee and would become Treasurer of Seattle Rep in FY22.

## **VII. EXECUTIVE SESSION**

- Staff adjourned for an Executive Session at 6:04pm.

## **VIII. ADJOURN**

- The meeting adjourned at 6:30pm.



# **Seattle Rep**

## **Investment and Distribution Policy**

### **(Adopted November XX, 2020)**

#### **Purpose**

This Investment and Distribution Policy Statement (the “Policy”) outlines the investment strategy of Seattle Rep (the “Theater”), and the fiduciary responsibilities of all parties in order to guide the investment of the Theater’s assets. This document addresses the Theater’s investment goals, time horizon and risk tolerance, along with applicable constraints. It also addresses asset allocation, procedures, reporting, and responsibilities. As circumstances change, revisions may be made to this document or addenda may be added.

#### **Background**

This Policy was adopted to address new funds made available in the spring of 2020 for the Theater’s use. This is related to the significant financial impact to the Theater caused by the COVID-19 crisis and the government-mandated economic shutdown beginning in March with cancellation of all of the Theater’s current year productions. In addition, this Policy addresses the management and procedures related to cash and stock gifts made to the Theater.

#### **Structure of Seattle Rep Accounts**

1. **Seattle Rep – Stock Donation Account** is used to receive and liquidate (as soon as possible) stock donations made to the Theater.
2. **Seattle Rep – Board Reserve Account** is used to receive and hold board restricted cash deposits and board restricted cash donations made to the Theater.
3. **Seattle Rep – Paycheck Protection Program Account (“PPP Account”)** is used to hold funds made available to the Theater through the SBA-administered Paycheck Protection Program. Initial funding was made available in the spring of 2020 via a potentially fully forgivable loan in the amount of \$1.75MM. The purpose of these funds is to provide an immediate bridge of liquidity to support current and future operations of the Theater while providing maximum flexibility to the Theater in navigating the current volatile economy.
4. **Seattle Rep – Replacement Trust Fund** is used to hold cash that the Theater has accumulated, in line with the facility and occupancy agreement executed in 1996 between the Theater and the City of Seattle. On April 24, 2020, due to the uncertainty caused by COVID-19, Seattle Center granted preliminary approval to the Theater to use these funds to meet operating and liquidity needs. A minimum balance of \$160,000 would need to be reserved for replacement, maintenance and repair of the Theater premises in line with the original agreement. As at June 30, 2020, \$700,000 was available to meet the Theater’s operating and liquidity needs.

#### **1. SEATTLE REP – STOCK DONATION ACCOUNT**

**Purpose** – To receive stock payments/contributions to the Theater from donors, which are to be liquidated as soon as is possible upon receipt and confirmation with the Theater. (In recent years, activity has included 20 or fewer transactions per year totaling about \$75k annually). Stock gifts need to be promptly reported via e-mail to the Theater as received and again once sold with fair market value of gift on date of receipt and value at liquidation.

#### **2. SEATTLE REP – BOARD RESERVE ACCOUNT**

**Purpose** – To function as a money market-like account to hold Board Designated Reserves; used to receive and process checks and wire deposits. (In recent years, the balance has ranged from \$30k – \$200k). Board approval is needed to utilize these funds.

#### **3. SEATTLE REP – PPP & REPLACEMENT TRUST FUND**

**Purpose** – Due to the wide range of factors which are difficult to project, the funds in both the PPP and Replacement Trust Fund Accounts are to be invested and managed to the following goals:

- **Primary Goal** – to provide ample immediate liquidity to meet Theater’s working cash needs.
- **Secondary Goal** – to achieve potential income earnings by investing in fixed maturity bonds and CD’s with maturities coming due within two years from the date of investment. These maturities may be structured to match timelines of future known liabilities, as well as “laddered” at various maturity dates that anticipate potential, but imprecise, future need for funds.

#### Distribution

The balancing of the portfolio structure in each Account is intended to meet the above mentioned goals. It is not expected that the two Accounts will be structured identically; rather, each may meet specific internal cash flow requirements of the Theater which align with the parameters of each source of funds. As such, there is not a precise percentage or dollar figure distribution goal.

For both Accounts, these goals are considered to be a prudent and appropriate approach, recognizing that a need for a significant portion of these funds could arise in the future due to the overall economic and financial uncertainty of these times.

#### Permitted Investments

##### **Cash:**

- Morgan Stanley Bank Deposit Program (“BDP”) within FDIC insured limits;
- Money Market Funds invested in Treasury and Agency Government Securities which have stable net asset value.

##### **Ultra-Short Liquidity Funds:**

- Mutual Funds within this asset class with AAA rating and holdings of final maturities within the fund that do not exceed 12 months.

##### **Fixed Income:**

- US Treasury and Agency Government securities;
- Corporate bonds which are rated and maintain a minimum rating of A-1/A+ by 2 of the 3 rating agencies;
- FDIC-backed Certificates of Deposit within the limits of \$250k per issuer.

#### Responsibilities of the Investment Advisor

The PPP Account and the Replacement Trust Fund Account will each be held in a separate brokerage investment accounts at Morgan Stanley, who currently serves as Investment Advisor for the Seattle Repertory Theatre Foundation (the “Foundation”) assets.

These accounts will not be in an advisory fee structure, nor will Morgan Stanley have discretionary control of investment decisions. As a brokerage account relationship, the Investment Advisors will recommend appropriate investments, and receive the approval to purchase securities, from the Investment Committee.

The Investment Advisor will receive approvals from an authorized signor per the banking resolution dated May 21, 2020 for routine transfer of funds to the Theater. These may include but not limited to transferring funds from the stock donation account to the Theater operating account.

The PPP and the Replacement Trust Fund Account’s structure and income earnings (expected to be modest at this time of low interest rates), along with the Foundation assets, will be reported quarterly to the Theater’s Investment Committee. The Investment Advisor will work closely with the Theater’s Investment Committee to maintain an overall structure in each Account that meets the Theater’s evolving, and possibly fast-changing, need to tap funds from either or both Accounts.