

The Audrey Herman Spotlighters Theatre

Board Meeting

9-11-17

Morningstar Baptist Church Chapel

The meeting convened at 7:10 pm.

Board members in attendance: Alan Zemla, Fuzz Roark, Michael Tan, Robert Heacock, Kathy Mosmiller, Lydia James-Harris, Nick Fuhr, Suzanne Hoxsey (quorum present)

Also in attendance: CeCe Levine (realtor)

Discussion on Morningstar Baptist Church Building

Fuzz asked CeCe to talk about the building, sales process and financing.

- The building is paid for.
- Willing to owner finance.
- A commercial bank would require 30% down, finance 70%, amortized over 30 years but 10 year loans (assuming refinancing).
- Private financing – may take less down.
- Owner might be willing to lease for a short period (2-5 years).
- The owner is willing to sit down and talk with us about going forward.
- The owner has a showing with other church groups.
- Interest rates around 6% for a loan of this type.
- Asking price \$3.4M.
- Offer with earnest money of about \$50,000 (not down payment) required.
- Down payment at 20% would be \$680,000.
- CeCe will draw up an estimate.
- Timelines: building will be vacant in November/December and ready for occupancy.
- Process
 - We submit non-binding Letter of Intent.
 - May be willing to lower price.
 - Set Settlement date.
 - Appraisal (\$5-7K, but may already be done) – if we did commercial financing, we would still need to get an appraisal.
 - Environmental assessment - \$2500 - \$4500 (if commercial financing).
 - Closing period would be anywhere from a week to several years (usually 4-9 months to close).

According to Fuzz, we will not be able to begin a capital fund for 6 months. [CeCe left the meeting.]

Discussion on building:

- Lydia – parking is really good.
- Alan – we don't have money.
- Nick – lots of potential with the space.
- Robert – looking to find another place for theatre's shop, because of rental potential of café area by kitchen. [nixted by Alan]

Leslie Marqua told Fuzz that the theatre should start seeing a return on Hathor's fundraising in January 2018, and post the full-time development position in January. The most likely starting time for the capital campaign is August 2018, if everything falls into place quickly.

At this point, the theatre is not in a position of moving forward with the purchase of this building. Fuzz did some research. A \$2.5M mortgage is \$18,000/month. The consensus is that the theatre cannot move forward with a purchase at this time. If the building is still available in the fall of 2018, we might be interested in lease or purchase. Kathy asked how much it would cost the theatre to do the improvements to create a functioning theatre. Fuzz responded that it would be \$1M - \$1.5M for necessary theatre improvements, based on what other theatre improvements have cost similar theatres in Baltimore.

If the theatre were to move into interim space before a permanent home, Fuzz said that Everyman paid about \$100K to move everything into storage, and then into the new building.

The board agreed that Fuzz, through CeCe should let the owners of Morningstar Baptist Church know that Spotlighters appreciated their time in showing us the building, but that the theatre is declining to submit an offer at this time. If the building is available in the fall of 2018, the theatre may be interested in resuming talks for rental or purchase.

Fuzz heard from Karen, manager at the Madison, that the owner of the building would be interested in a 2-3 year lease extension, with a 5% increase in rental. Fuzz has asked for a letter from the owner with the annual rental rates starting January 2020. The theatre will need to give the landlord a deposit of around \$3,500 for the new lease. Fuzz will pursue a lease extension with the owner.

Hathor Associates Report

Fuzz shared the Hathor Associates report with the Board.

- Current work towards 2017 giving includes concerns about Hurricanes Harvey and Irma (redirected giving).
- Hathor has created Mail Chimp service and a new giving theatre for the theatre.

- They have set up social marketing accounts with regular notices of events and giving opportunities.
- They are working on development audit of the theatre.
- They hope to send out preliminary report of marketing efforts shortly.
- They want to set a date for a board training.
- They are looking at current funding from Shubert Foundation, NEA, State Farm, Walmart, etc.

Discussion about Board Involvement/Structure

Fuzz wants to get the board more involved – more “faces” recognizable as part of Spotlighters (besides his). Suzanne suggested pictures of the board members in the lobby.

Alan wants to take the current advisory board and create an “Associate Board” of people who cannot be or are not ready to be on the board of directors, e.g. Billy Georg, Sherrionne Brown, etc. The idea is to create a stepping stone to board membership.

Approval of Minutes from Previous Meetings

Alan moved to approve the minutes from the July and August meetings, Suzanne seconded, and the minutes were approved unanimously by those members present.

Audrey Herman Celebration

Alan still needs silent auction items for the Audrey Herman Celebration.

Education Report (see accompanying document)

- The educational program is in 5 schools in Baltimore City/County, plus a school in Anne Arundel County.
- There was a workshop at the Strand Theatre, which was well-received and may lead to other events at the Strand.
- Lydia submitted a grant for \$10,000.
- Young Actors Academy classes are starting up at the theatre the week of October 2, and the week of November 27.
- Suzanne told Lydia that Suzanne has a friend who wants to assist in writing grants.
- Greenmount School may be a possible client. Fuzz and Lydia will talk.

Financials

Fuzz will present the year-end financials and new fiscal year’s financials at the next meeting.

Board Meetings

Fuzz suggested that the board have regular meetings each month, because of the amount of business that the board is doing, especially with new development and a building search. Michael has reviewed the bylaws and confirmed that the board can set the number of meetings, dates and times without amending the bylaws.

Suzanne moved to expand regular board meetings from six times a year to once a month, on the second Monday of the month. Nick seconded, and the board unanimously approved the motion.

Annual Meeting

According to the bylaws, the annual meeting is in May. Fuzz asked for a motion to set this year's annual meeting in January, for purposes of elections, etc. Suzanne moved, Alan seconded, and the motion was unanimously approved by the board.

There being no further business, Alan moved to adjourn the meeting. Robert seconded, and the motion was carried unanimously.

The next regular board meeting is Monday, October 9, 2017 at 6:30 pm. in the lobby of the theatre.

Respectfully submitted,

Michael Tan, Secretary