

Huntington Beach Playhouse Annual General Meeting

Agenda

- 1. Welcome**
- 2. President's Report**
- 3. Treasurer's Report**
- 4. By-Laws Overview**
- 5. Introduction of Candidates for the Board**
- 6. Voting by Membership**
- 7. Tour of the Costume Area for the Annex**
- 8. Voting Outcome Announcement**
- 9. Open Portion of Meeting Adjourned**
- 10. Closed Portion of Meeting Convened**
 - Election of Executive Board**
 - Select Monthly Board Meeting Dates & Times**

Huntington Beach Playhouse Annual General Meeting

2007 Annual Report

Good afternoon and welcome to our annual general meeting. For those of you who do not know me, I am Dawn Conant, the current Playhouse President. The other members of the current Board of Directors are: Catherine Stip – Vice President, Bill Verhaegen – Secretary, April Gentry – Treasurer, Bettie Muellenberg – Business Manager, Harold Gooder – Facilities Director, Monica Bartolone – Play Selection Committee Chairperson, Debbie Henderson, Peter Farney, Linda Frame, Richard Reith, Mike Bower, Ray Stirling, and Tara Fadel. Other people that play a key role in ensuring that the Playhouse functions effectively are: Betty Greene – our Box Office Manager, Laurie Fisher and Nancy Standeford – our Box Office Staff, Jan Fournier – our Encore Coordinator, Tricia Sullivan and Aaron St. James – Facilities Staff, Joni Stockinger – Costume Manager, and Larry Shaughnessy – Master Carpenter.

2007 has, in many ways, been one of the most challenging years of the Playhouse's existence.

Lease Issues:

- When the year began we found ourselves, once again, operating without a lease for the use of the Central Library Theater facilities. Although we had spent significant time trying to work with the Library Director, City Staff, and the City Council we had not been able to negotiate terms for our use of the theater that we could live with before our lease expired on December 31, 2006
- Library Director agreed to allow us to continue using the facilities on a month-to-month basis while we continued to work with the City to arrange mutually acceptable lease terms
- In large part due to the support of City Councilwoman, Cathy Green, the City Council voted to grant us a new 3 year lease with no per seat City Surcharge
- It was August however before we actually had a new lease fully executed – until then we continued to pay the \$3.00 per seat surcharge – a refund was promised as soon as possible – we did not receive the refund until November
- The \$25,000 refund was deposited in a CD account

- We lost the use of the Maddy Room for rehearsals unless we agreed to pay for its use on a per hour basis
- In addition, nothing has been done to improve the major challenges associated with the use of the Central Library
 - Conflicts with other events scheduled at the same time as our shows
 - Very difficult annual scheduling process – no ability to adjust our schedule once set for the year
 - No place to store anything
 - Challenging move-in and move-out process
 - Disruptions due to changes made to our light board and sound board set up between performances
 - Very little support from the Library officials
- Long term plan to move us to new theater being built downtown before our current lease expires – Director of Economic Development has verbally promised us that we will have primary, if not exclusive use of the new theater and the Library officials will not be managing our facilities – we have also been promised that we will be able to participate in the design of the new facilities
- Downtown development is running more than 18 months behind schedule
- Current lease will expire in 22 months
- Our Annex facility lease has been converted to a month-to-month basis because the property has been sold and the new owner wants to convert the facilities to condos but the current downturn in real estate values has made it difficult for him to act on that plan at this time
- We have begun looking for another facility but not with as much urgency as originally planned because the Landlord promised to give us 90 days notice before we would have to move

Legal issues:

- Throughout 2006 and the first part of 2007, the Board of Directors were consumed predominantly with internal problems stemming from the disruptive behavior and

negative communication style of one of its Board members. In spite of numerous attempts to resolve these problems, it became necessary for the Board to call for a vote to remove the problem Board member. The recall vote was completed in April 2007 and the vote was 10 in favor, 2 opposed, 2 abstentions and 1 absent to remove its disruptive member.

- Significant retaliation resulted:
 - Our web site was temporarily disabled – restored at a cost of greater than \$2,000
 - The removed member claimed that he had copyrights to material on our web site and threatened legal action if we did not remove it forcing us to seek legal help
 - Our removed Board member filed suit against us twice claiming that he was illegally removed and demanding access to confidential materials as well demanding that a special membership meeting be called so that he could present his position to the general membership
 - Further legal filings alleged that that HBPH funds have been misappropriated by the Board which was shown to be absolutely untrue by 10 year review of our books performed by Bill Rae, a CPA. What was being called misappropriation of funds was explained
 - Income, prior to 2000 was being reported in the year it was received instead of being properly deferred to the actual year of the season. Mr. Rae provided an explanation of accrual based accounting and how the change to this format affected the financial results of the years 2000 and 2001. The change in reporting resulted in a gap.
 - Mr. Rae also explained a 2004 bookkeeping error where the revenue was applied incorrectly into Retained Earnings.
 - The revenue figures for the other accounting years were verified as accurate.
- A special meeting of the general membership was called and conducted on 11/4/07 at 5:00 PM – at the meeting
 - The Board of Director's position was presented by the President
 - The position of the removed Director was presented by himself

- The floor was opened to all who wished to speak and/or ask questions
- Closing comments were made by all wishing to do so
- The votes was called
- Meeting was adjourned and the Voting Panel took control of the ballots and began the process of validating every ballot and counting every vote
- The voting process was observed by Legal counsel representing the Board of Directors and the removed Director himself
- Final vote was announced at 1:00 AM – result was that the membership ratified the Board's decision to remove our disruptive member, to remove him as a Playhouse member and to ban his membership for life
- Results of vote were confirmed and posted on the web site
- The removed member communicated to us through email and an article in the newspaper that he considered the special meeting to be invalid and therefore the results of the vote were also invalid – he maintained that he was still on the Board and a member in good standing
- We expected further legal problems but to-date nothing else has happened and we believe the unpleasant situation is behind us although we were forced to spend more than \$20,000 to defend ourselves and end the situation

Patrons and members rallied to help and support us

- Large increase in donations
- Lots of letters were written on our behalf to the City Council
- Many people sought us out to inquire about what was going on with our legal battles
- Outstanding voter turn out
- Many ex-board members came back – Harold, Debbie, Bill – other ex-board members actively participated in helping manage the special member meeting – Don, Lloyd
- Rewrote By-Laws with the assistance of our Legal Counsel to ensure that they appropriately define the way in which the Playhouse is run, protect the Board from further legal issues like we have experienced during 2007 and that those By-Laws comply with California Corporate Code for Non-Profit Corporations

Other major events

- Voted to engage CPA to perform an annual financial review of our books – his report will be posted on our web site shortly
- Have had numerous computer challenges due to aging equipment and software – began effort to upgrade our technical infrastructure
- Eliminated double shows on Saturday and Sunday
- Added 2 Wednesday performances
- Added a Mini-Family Season
- Hired part-time staff to better manage our Annex facilities – Tricia manages the props section of the Annex, Joni manages the costume section of the Annex, and Aaron manages the lower level of the Annex where our sets are build and large set pieces and building materials are stored – Harold has returned to the Board and graciously agreed to Direct the Annex staff and manage the overall facilities

Season highlights:

- Little Shop of Horrors – extremely popular
- Lend Me a Tenor – partnership with APA – lots of problems – toilet blown up
- One Flew Over the Cuckoos Nest – received excellent reviews
- And Then There Was Nun
- HMS Pinafore
- Cemetery Club
- Legalities of Love – replaced the planned *Flying* which was pulled because we never received the completed script when promised

Let me introduce Debbie Henderson. Debbie was our Treasurer in 2005 and 2006. She has recently rejoined our Board and has graciously agreed to present the 2007 Financial Report since our current Treasurer is unable to attend the meeting.