

June 10, 1997

**Halsey M. North
Alice H. North
The North Group
2250 Broadway #20B
New York, NJ 10024**

Dear Halsey and Alice:

After reviewing all the information you gathered and summarized, it is apparent that a wide range of organization configurations exist and, I assume, can be considered successful. Perhaps some more than others, although other factors besides organization format enter into success and/or failure.

Each organization structure is a creature of the community, political, and business environment and/or leadership existing at the time of formation in each city.

New Brunswick was no exception, and to make a change today we should take into account the current organization and community/political/business environment that has been in existence for over ten years.

The attached organization recommendations were made with this in mind.

Even so, there are most likely two or three structures that could work and move us forward.

Fundamental to any solution must be the separation of the State Theatre as a separate tax-free entity with its own Board of Trustees. From there, several alternatives exist, and I have outlined two. I prefer the first--if it is doable--as we must find ways to bring the political/government environment closer to the Center so they have a true feeling of pride, ownership, and community value.

I expect and hope we will have considerable discussion in coming to a final recommendation.

Best regards,



Herbert G. Stolzer

NEW BRUNSWICK CULTURAL CENTER
Organizational Recommendation

Current Organizational "Needs"

1. State Theatre as separate corporate entity--Resident Company status.
2. Require an organizational entity who will provide a vision of total arts in Central New Jersey.
3. Involve city/county on an ongoing basis--so they have increased responsibility for NBCC's future.

Possible Solution (1)

1. Establish a new 501(c)(3) corporation for StateTheatre. This entity would have their own Board of Trustees and be responsible for operating, programming, and routine maintenance of the State Theatre. The Theatre would pay rent. They would not own the facilities. New Managing Director--Dave Fleming remains as State Theatre Board President--spends 1/2 time with Theatre.
2. Establish an Arts Alliance Council. The Council would have as its single purpose the New Brunswick Cultural Center. Its mission would include:
 - a. Assist the individual affiliate companies in reaching their own goals/mission.
 - b. Develop a long range plan (vision) for the Cultural Center; i.e., how should it develop/expand, and what is needed to reach this plan.
 - c. Provide coordinated marketing and administrative efforts where possible and appropriate to save expenses, and/or provide higher professional expertise that individual affiliates cannot afford.
 - d. Responsible for marketing entire center to area residents through communication programs.
 - e. Represent entire center where required to other constituencies.

f. Act as coordinator, communications clearing house in the entire center.

g. Develop United Arts Fund Drive and Capital Needs Campaign.

h. Establish and develop standards for affiliate candidates, and establish new category for organizations such as:

**Shoe String Players
N.J. Designer Craftsmen
Vocational School Arts Organization
N.J. Jazz Film Festival**

Arts Alliance Council Organization

Begin with a part time (1/2) Executive Director and a small (1 or 2) staff. Dave Fleming is an obvious candidate. The organization, as one example, would have a Board made up as follows:

- 1. Executive Director or President (1/2 time)**
- 2. Chairpersons of affiliate first tier companies--3 or 4--no affiliate managing directors.**
- 3. Mason Gross Arts School Dean (1)**
- 4. Community leaders (4 or 5)**
- 5. Board of Freeholders (2)**
- 6. Mayor's Office (1)**
- 7. Chairperson of New Brunswick Development Corporation**

Total 12 or 14

An income stream for the Arts Council could come from several sources:

- 1. Rent from affiliates; real estate**

2. "Fee" structure from second tier organization.
3. Co-presenting opportunities in State Theatre or elsewhere.
4. Foundation grants
5. Own fund raising

3. Create an Arts Development Corporation as a new sub-committee organization of the New Brunswick Development Corporation.

Their mission would be to (1) provide the physical facilities as agreed upon as part of the Arts Council long range plan, (2) integrate these plans into the city's planning and development, (3) work toward providing continuing support income to the Arts Center through real estate development. They could take over the basic real estate ownership of the center.

DevCo Sub-Committee Composition:

1. Chairperson--New Brunswick Development Corporation (1)
2. Executive Director--New Brunswick Development Corporation (1)
3. Executive Director Arts Alliance Council (1)
4. Community Leaders (not currently on DevCo Board) (5)


Total 8

Possible Solution (2)

Organization structure same as first two steps of Solution (1); i.e., form separate corporation for State Theatre and form new NBCC called Arts Alliance Council.

We would not form an Arts Development Council through DevCo, but would leave these responsibilities with the new Arts Council.

Memo

To: Janet Kaltenbach
From: Larry Robinson 
Date: 06/12/97
Re: Reorganization alternatives

I have read and thought about the information provided and I am now far better prepared to discuss the future of the New Brunswick Cultural Center and its resident companies. Unfortunately, much analysis needs to be done to ascertain the financial considerations of any change in our current style of operations.

With full recognition of the previous statement and the enormous "to do" list, my recommendation would be that the NBCC work towards a Cultural District development, as outlined in the North Group memo dated 5/1/97. I would like to see us begin the work of learning if this alternative is viable and what we need to accomplish in order to insure ultimate success.

Rita A. Novitt • 5 Gordon Way • Princeton, New Jersey 08540 • 609-924-2452

June 13, 1997

To: Long Range Planning Task Force
New Brunswick Cultural Center

The following is offered after my review of the current structure of the NBCC and it still raises questions perhaps more than answers. However, some ideas are presented which may seem radical but they have potential in my judgement.

The NBCC was created with the State Theater as the foundation of the Center and a focal point of the revitalization of New Brunswick. Without the State Theater the NBCC would be non-existent. The success of the NBCC is driven by the diversity in artistic programming of the theater. Attendance records bear this out as 59% of theater patrons attend performances at the State Theater, 22% at George Street Playhouse and 19% at the Crossroads Theater. Neither the George Street Playhouse nor the Crossroads Theater are artistically nor financially strong enough together or alone to become the focal attraction of the NBCC. Their audiences are significant, devoted, and the theaters offer artistic diversity which contributes to the broad spectrum of performing arts within the NBCC. The ARBC and the NJDC add to this spectrum.

At the beginning both the County and City offices must have been very involved in the creation and growth of the NBCC. What I observe now is a lukewarm attendance at Board meetings. My sense is that the County and City have distanced themselves from any responsibility for the NBCC because their participation is really not seminal to the success of the NBCC. The following article supports my view.

New Brunswick arena

Officials in Middlesex County and New Brunswick are currently working on a proposal to locate a sports and entertainment arena in downtown New Brunswick. This project is being stimulated by exceptional interests expressed to various officials throughout Middlesex County as to the need for such a facility and the strong likelihood of its success once constructed. The moral and financial support of the state for this project will substantially increase the likelihood that it will be completed and thereby bring accretion to a continuing story of successful urban redevelopment.

The revitalization of our urban centers is difficult at best, and in many cases years of efforts have yielded little in the way of results. This is clearly not the case in New Brunswick. During the past 20 years New Brunswick has undergone a revitalization which has made it the envy of many urban centers, not only throughout New Jersey but throughout the United States. The ability to have government and the private sector work effectively in partnership to turn around the state's older cities is demonstrated in the success of the revitalization that has taken place to date in New Brunswick. Where dilapidated structures once stood, a thriving business center now stands. A city from which residents and businesses alike once fled is now home to several new market rate and affordable residential developments as well

as new commercial developments. The importance of New Brunswick's revitalization to the county as a whole cannot be stressed enough.

The successes in New Brunswick are no doubt the direct result of the active participation and financial investment of many public and private institutions and individuals over the course of the past two decades. Without this investment, New Brunswick could never have achieved the level of momentum that is essential in bringing about urban revitalization. Without this momentum, even the most successful cities will once again slip into inactivity and eventual decay.

New Brunswick is now attempting to use this momentum to reactivate its once thriving downtown retail area. With all of the redevelopment activity that has taken place, this remains the one primary element of the local economy that has yet to be rediscovered. The location of an indoor sports and entertainment arena in New Brunswick's downtown will provide an essential anchor in the downtown and will serve to attract more consumers to the city's retail district, thus promoting its overall viability. County and city leaders feel strongly that the completion of this arena will re-emphasize the success of New Brunswick and evidence that New Jersey is one of the few states that has brought about successful urban revitalization.

David B. Crabiel
Middlesex County Freeholder
Milltown

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Long Range Planning Task Force

The County and City fathers are committed to the revitalization of New Brunswick but have not considered or included the NBCC as a key player or offered a role in their long range plans for New Brunswick. What this identifies is the need for some aggressive participation by the NBCC and a "courting" of the political bodies. I think they need to be reminded of the original concept in the development process. Perhaps this requires a small liaison group to meet with them to review history. My sense is that the arena concept etc. indicates potential competition

Before we begin any changes, I think we need a complete audit of the administrative and financial entities of all the resident companies. This will give us a broader view of how we can share, consolidate, refine and improve these operations.

My vision for the future of the NBCC brings the following concept into play. Not necessarily in the order it is presented.

- The State Theater to be the Flagship
- The NBCC name to be changed to:
"The State Theater Arts Complex"
(The current name has a "banal-like" sound)
- Merge the George Street Playhouse and the Crossroads Theaters
(George Street Playhouse at Crossroads or Crossroads at George Street - far-fetched?)
- Develop the current George Street Playhouse as an "Arts Movie Theater" offering similar fare as the New York theaters or the original Montgomery Theater
Open it up to small theater groups, dance etc. or ARBC or create at Shakespeare Theater.

The current NBCC Board meeting quarterly appears to be somewhat of a sounding board for the presentations by the constituents without any real knowledge of the basis of and for the presentation. There is no real over-seeing of the constituents. It is all rather polite.

- Create A "Governing Board of Overseers"
- Responsible for:
Compete "overseeing" of the companies
Capital campaigns
Collective Fundraising
Facilities

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Long Range Planning Task Force

- Create an "Administrative Board"

- Responsible for:

All financial operations of companies
One staff member of each company to report
to this board
This may eliminate "we" and "they"
This eliminates duplication of departments

Programming to be the responsibility of each constituent with
an Advisory Board replacing the current Board of Directors.

Obviously, all the intricate details are not forthcoming but
these suggestions may have some merit.

The critical path for the future lies with the County and City
governments so that any future plans for the revitalization
include the present NBCC.

Rita Novitt

DATE: June 18, 1997
TO: The North Group
FROM: Tom Kelso, Member, NBCC Long Range Planning Task Force
RE: Thoughts on NBCC and State Theatre models

Sent via fax transmittal to (212) 875-8425

The following represents my feelings regarding a restructure of NBCC and the State Theatre.

- I do not believe the State Theatre should be completely severed from the NBCC Board as a totally autonomous and independent body. I believe the following problems are presently too difficult to solve:
 - 1.) finding enough good board members
 - 2.) lack of a real exciting defined purpose for NBCC which would result
 - 3.) lack of identifiable funds for the increased staff requirements
- I do believe, however, a restructure would be helpful to begin to solve the perception and conflict problems which nag at us due to resident company concerns.
- I favor a concept where the State Theatre becomes a real separate operating division of the NBCC with a clearer demarcation between the NBCC Board and functions and the State Theatre management - perhaps with some additional Board members as a separate identifiable Board or Committee... so long as the separation is more defined. In this way the NBCC Board can still feel an affinity and functional purpose as it relates to the theater but still have a more separate identity. This could also be a first step towards a future more complete break when a better, more substantive role for the NBCC board can be developed.
- In that vein I strongly encourage that the NBCC Board look to broaden its vision to create a Cultural District in New Brunswick (as has been pointed out to us by the Pittsburgh and Dayton models). I believe the credibility of the NBCC Board and its diverse community leadership makeup make this mission a strong possibility and I believe could secure the City's support. This could bring dollars, city resources, and expertise to the table. Also, if the NBCC Board took on such a more "economic development" role, it could pool resources with DEVCO or NBT and give NBCC a different profile and credibility. It could also attract a different type of Board involvement and allow for a natural transition of the State Theatre operations away from NBCC.

The North Group

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- I do believe, however, that this all must be done in stages and why I believe at present we need to continue NBCC umbrella responsibility of the State Theatre as stated previously.
- This concept is also consistent with NBCC continuing to be responsible for all real estate management and developing a shared services arrangement for all resident companies or other real estate in the "cultural district" as they become more developed.



11 Livingston Avenue • New Brunswick, NJ 08901-1903
Phone: 908.247.7200 • Fax: 908.247.4005

DATE: June 13, 1997

TO: The North Group

FROM: Janet Kaltenbach, Vice President of Planning and Institutional Advancement

RE: Comments from Long Range Planning Task Force member Andy Markey

Andy is traveling out of state and does not have easy access to a fax machine. Knowing that today is our deadline for receiving comments relative to New Brunswick Cultural Center models, he left the following thoughts on my voice mail earlier today. They are presented in the same order as the phone message.

- A separate board should be created for the State Theatre.
- The State Theatre should become a separate resident company.
- As a separate, independent company, the State Theatre should have just one representative on the New Brunswick Cultural Center Board of Trustees - similar to the board seats currently held by the other resident company presidents.
- The New Brunswick Cultural Center should then assume a much greater advocacy role on behalf of all the constituent organizations.

NEW BRUNSWICK CULTURAL CENTER COMPANIES

State Theatre • George Street Playhouse • Crossroads Theatre Company • New Jersey Designer Craftsmen
American Repertory Ballet Company • Shoestring • Middlesex County Arts High School

DATE: June 13, 1997
TO: The North Group
FROM: Jackie Keller
RE: State Theatre and New Brunswick Cultural Center options

State Theatre Options

My first choice is to have the State Theatre established as a separate 501(c)(3) not-for-profit corporation - but with shared services provided by the New Brunswick Cultural Center.

If this is not financially feasible, my second choice is to position the State Theatre as a separate operating division of the New Brunswick Cultural Center with a separate Board.

New Brunswick Cultural Center Options

I would like to see the New Brunswick Cultural Center broaden its vision to encompass the development of a downtown cultural district. With Pittsburgh as the model, we could work with others as partners - New Brunswick Tomorrow, etc., to take the Cultural Center in a new direction. It would certainly create excitement in the community and give a kick to a capital campaign.

I would also like to see the NBCC design a package of services for all resident companies - joint marketing, financial reporting, etc.

NORTH STUDY
John F. Varley
June 1997

Q2 What should the future function of the Cultural Center be irrespective of the role of the State Theatre?

- **Provide Real Estate management for the current three theaters.**
- **Provide assistance to other arts groups in obtaining their space needs.**
- **Provide shared services e.g. box office, marketing activity, purchases of services and or equipment etc.**
- **Provide leadership to develop a Cultural District in downtown New Brunswick which could include commercial real estate and provide additional income.**
- **Book available space for all three theaters--split the profit.**
- **Serve as a conduit, as required, from funders.**

Q1 Should the Center spin off the State Theatre or (Should the State Theatre form its own entity) ?

If the answer is 'Yes' then, we must not only define the role for the State Theatre, but the feasibility and timing as well.

- **Establish their own 501(c)(3)**
- **A Board will be required. Can we and how long will it take to obtain a Board equal to or better than the current operating committee? What impact will this have on NBCC?**

Define the impact on head count fundraising and operating cost for both NBCC and the State Theatre before taking it to the full Board.

**PAUL SMILOW
41 PUTNAM ROAD
EAST BRUNSWICK, N.J.
08816**

June 16, 1997

POSSIBLE OPTIONS FOR FUTURE OF NBCC

1. State Theater

In my view, the State Theater must become a separate presenter organization alongside its siblings, George Street & Crossroads: i.e. In identified housing within the Cultural Center, with its independent Board, and with an independent infrastructure.

WE NEED TO KNOW.....

What would be the cost of "spinning off" the organizational structure? Should we negotiate "Common Ground" (e.g. boxoffice, housekeeping, marketing, bookkeeping, tech and house personnel, etc.) with the "sibling" leadership as a condition of this spinoff and would such consultation be likely to get them "on board" for some real cooperative commitments?

What would be the Mission Statement of the State?

Could the State become the Model for a lasting and explicit relationship (?Contract or Agreement or ?Mortgage) between presenting organizations and the Cultural Center ?

How would the present endowment relate to this new entity?

Perhaps the way to go would be a phased transformation, in writing, with the "siblings", that could include the ultimate coalescing of Annual Corporate fund raising, experimental at first but with a promise of greater cooperation over time. (To deal with "the Trust Thing").

Are the present "siblings" enough of a family? Should we confine ourselves to Presenters of Performance Art, and not include Visual Arts? And what about the issue of a longterm commitment to American Rep? Should NBCC seek to build another presenting house on the same Campus with ARTS SQUARE as the signature for the next century??? Too much to bite off? Maybe not! Could we find common ground with Rutgers' Mason Gross for another facility on the Square that could answer some of their growth needs? Worth asking the question.

(getting ahead of myself!!!!)

2. New Brunswick Cultural Center

I'm less certain about the future of the "Holding Company". If we draw from the Pittsburgh, Dayton and Portland examples, the way to go would be to become a non-profit Real Estate Developer for the Arts....a sort of DEVCO of the Square...turning our attention to:

1. Paying off our present capitol commitments.
2. Exploring new possibilities on the Square for the development of new Arts-related facilities which might include:

- Gallery Space
- Temporary Housing for performers during runs in the Houses of NBCC
- Developing outdoor concert space
- Possibility of a Dance Theater
- Foreign Film & Other Film Exotica (possibly looking for Private Partnering)

3. Explore a future fusion with the City Government, through New Brunswick Tomorrow as a branch of DEVCO???. Is this a possible avenue given the ownership of the State by the Freeholders, and the variety of capitol sources currently funding the present Houses?

My sense is that, in the long run, NBCC could cease to be a separate Agency and would become a planning and development arm of the City, providing long term stability for the Square and its inhabitants. Corporate and Public funding birthed the NBCC and the same fusion should be explored for future stabilization.

3. The "NEW" Cultural Center= Central Jersey Council for the Arts.

With the Holding Company folded back into a Municipal/Corporate entity, and after present indebtedness is paid out, there is still the need for an overarching structure to oversee the "Greater Good" of the Center. This entity should have authority:

- to oversee a combined Corporate Annual Arts Fund Drive.
- to be empowered, as a new form of Council or Board, with substantive representation of each of the organizations and delegated authority to review budgeted funding needs, develop formulae for Arts Fund distribution, deal with common needs in marketing, housekeeping, specialized personnel in such areas as sound, lighting, stage craft (set building workshop), boxoffice, advertising, marketing, accounting, insurance purchase, payroll, personnel fringe collective purchasing, etc.

The structure of this council would be representative governance. Once mortgage commitments are liquidated, each organization would agree to be taxed, possibly

each according to his house size or the result of box office success or lack. A Chair might be rotated between the companies.

Another structure might be the Arts Council representing community, member presenting organizations, government and Academia. The Council would hire a full-time Arts Administrator-CEO answerable to the Council whose job description would include advocating for the NBCC Community making up the Center, advocating for the Center in Development, representing the Center at the DEVCO of the FUTURE, chairing the Council deliberations, overseeing the shared resources arrived at through negotiation and contract-based commitment, and acting as the Mediator between individual Presenter "siblings" when need arises. Organizations might "contribute" a staff person equivalent to the Council & CEO, providing infra-structure for the CEO and providing substance to the notion of shared resources. Each organization might agree to be taxed an amount negotiated each year to fund the infra-structure of collective need..a market person, a portion of the "techy" , a portion of the bookkeeper...etc. Utopian??? Maybe...and maybe not.

The return to the TEN COMMANDMENTS raised some questions I'd be happy to share at the meeting on Friday.

Sorry for the tardiness of my response. I chewed on the voluminous and beautifully prepared material you provided while traveling on vacation in the Pacific Northwest. I look forward to the discussions stimulated by this process and again commend you for your help in this tough area.

See you soon.


Paul Smilow

June 10, 1977

**Halsey M. North
Alice H. North
The North Group
2250 Broadway, #20B
New York, NY 10024**

Dear Halsey and Alice:

The information you provided us was invaluable in crystallizing my thinking as to the strategic direction we should move our Cultural Center organization over the next ten years.

Our city has experienced dynamic economic, social, political, and cultural change since the commencement of its revitalization some twenty years ago. We are now on the threshold of a "great leap forward," as evidenced by the following changes:

- **The amalgamation of our major health care institutions, with a renewed focus in identifying New Brunswick as "Health City."**
- **The reorganization and increased leadership of the New Brunswick Development Corporation.**
- **New Brunswick Tomorrow's development of a broader vision for the second phase of New Brunswick's renaissance.**
- **The commencement of exploratory discussions with the Edward J. Bloustein School of Planning and Public Policy, Rutgers, The State University of New Jersey, to take a greater protective role in the New Brunswick process, with particular focus on planning.**

Jun-10-15:17 10:10 The North Group Inc. 212 873 8420 7.01.10

It is an imperative that the New Brunswick Cultural Center join the change process by setting our long-term objective and establishing an organizational framework to get there.

Against this backdrop, I recommend the following for consideration:

Strategic Objective 2005

*Our primary core arts organizations will be amalgamated within a business structure that will have the flexibility to accommodate centralized control of vital administrative services in order that their artistic success would, to some degree, be free of dependence upon their individual business acumen.

Framework

Restructure New Brunswick Cultural Center

Board of Directors - change composition

Spin State Theatre off as Division of NBCC

Own Board

Chairman member of NBCC Board & EC

Add Division Administrative Services

Real Estate Management

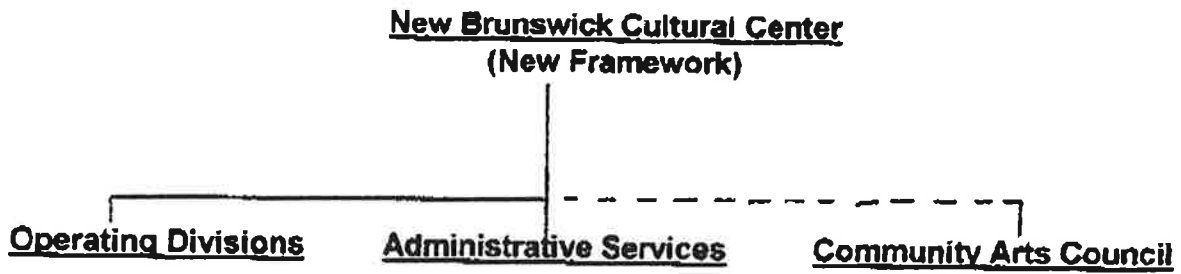
Planning

Shared Services

Development (outsource to DevCo)

Add Division Community Arts Council (functional relationship)

***Taken in part from Atlantic Model**



State Theatre

See following chart

Real Estate Management

George Street
Lease expires 2004

Crossroads
Lease expires 2001

State Theatre
Lease expires 2036

Planning

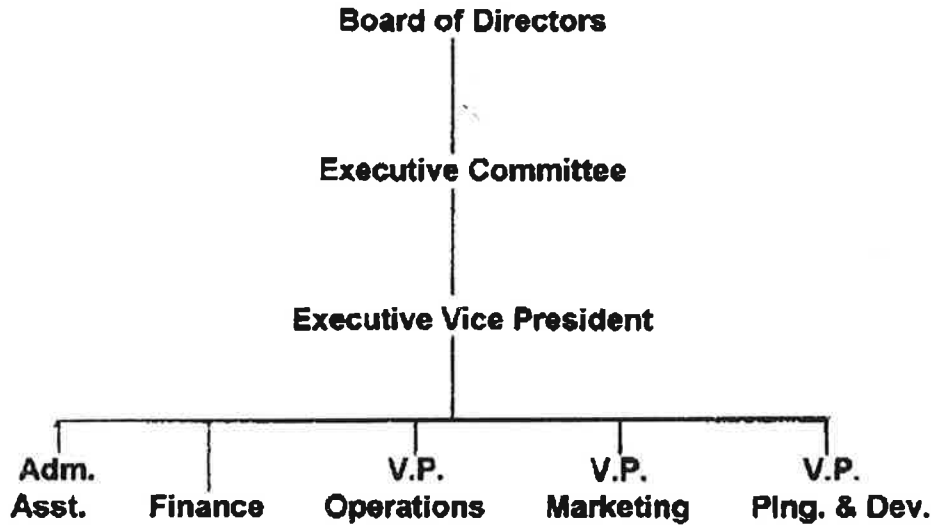
Shared Services

Marketing
Ticket Office
Fund Raising
etc.

Development

Outsource to
New Brunswick Development Corporation

State Theatre
(A Division of NBCC)



In my judgment the greatest barrier to implementation of any agreed-upon restructuring is, we do not have a "critical mass" of corporate, institutional, public, or community resources to support two separate organizations.

Therefore, the framework suggested offers an evolutionary approach and flexibility to alter our course if required.

If we can develop a consensus on a "framework," additional information is required before any final decisions are made, such as:

- Projected budgets and cost analysis over next three years for different options for consideration.
- Upside/downside analysis.
- Drafts of policies and procedures for implementation first phase.

At this stage of discussion I felt strategic direction and concept more important than trying to detail specifics.

Regards,



John J. Heldrich

j

**NBCC President's Recommendation
for a New Model and Vision
for the
New Brunswick Cultural Center**

June 13, 1997

I visualize a radical change for the New Brunswick Cultural Center in order to address the following key issues that will be important to its future survival:

- NBCC must be proactive in controlling its image and its environment or it will be at the mercy of a variety of forces that will affect New Brunswick in the coming years.
- New, and in some cases non-traditional, income streams will have to be tapped to meet the long term operational and capital needs of the organization.
- The current relationship between NBCC and its resident companies leaves each with a vague notion that NBCC should somehow subsidize the operation of resident companies. The extent and nature of that subsidy remains open-ended in their minds and any good faith effort to be supportive leads to misunderstandings and a sense of disparity. NBCC does not operate under the assumption that the Resident Company designation is an entitlement for subsidy.
- There is no long-term plan for the preservation of current facilities or for the addition of other facilities in the future.
- The name New Brunswick Cultural Center could limit the potential for regional impact and funding from some sources.
- Each independent resident company has to have the flexibility to grow, to change, to succeed or to fail upon the merits of its art and the effectiveness of its management and governance.
- "Rights" and "responsibilities" need to flow naturally from organizational goals rather than from a patchwork of agreements that have been adopted over time to solve individual problems.
- Incentives need to be built into relationships so that organizational success for NBCC translates into improvements that benefit the resident companies, and so that each resident company bears responsibility for the care of its facility.
- The term resident company means something different for each organization while the term affiliate company means very little as it is currently used.
- A major dose of "inspiration" is needed to drive the fund raising necessary to address the outstanding capital needs of the organization.
- Since NBCC is responsible for the long-term care of the facilities, it makes sense to have NBCC make all key decisions about maintenance of the facilities. Furthermore, absolute clarity needs to be achieved about what NBCC is and is not responsible for in each of the facilities.

A New Entity

I believe that the New Brunswick Cultural Center needs to transform itself into a new entity. It should be called **Central New Jersey Arts Center**. Its mission is: *To provide the people of Central New Jersey with an arts center for the celebration of imagination.*

It will accomplish this by:

- maintaining a physical center for the arts through the control, rehabilitation and maintenance of contiguous properties in New Brunswick where visual and performing arts entities can have a concentrated impact through increased critical mass.
- maintaining a business plan for these properties that will enable them to be leased to qualified arts organizations and artists at "below market" rates and to compatible commercial enterprises at competitive rates.
- developing facility-based revenue sources for the Center sufficient to address both annual operations and long-term facility care.
- engaging partners to develop and market this arts district by leveraging public and private dollars that are designated for ongoing revitalization of New Brunswick/Middlesex County/Central New Jersey.
- presenting a diverse annual schedule of performing arts and entertainment attractions that draw increasing numbers of audience members to the Center.
- encouraging the active programming of the facilities by non-profit and commercial organizations.
- developing an "arts incubator" operation that will partner CNJAC with state and county arts agencies to provide reasonably priced space for emerging multi-cultural arts organizations to grow during their transition from all-volunteer to staffed organizations.

The new relationship between CNJAC and its *member* companies will be an arms-length facilitation designed to maximize the independence and self-sufficiency of the member companies. CNJAC's direct interaction with the member companies will be limited to providing, maintaining, and promoting a commodious and inspirational area in which they may conduct their art, their educational activities, and their administrative operations. If the individual arts organizations (including CNJAC's presenting division) wish to develop strategic alliances or shared services for mutual benefit, these may be developed and dissolved as the organizations wish, but they should not be mandated or expected as part of the mission of CNJAC.

Alternative Income

CNJAC may develop alternative income streams by partnering in the acquisition and renovation of facilities that may then be leased to organizations (commercial or non-profit) that qualify by virtue of their ability to:

1. add to the overall effectiveness of the district as an arts and entertainment "magnet" and to enhance property values.
2. bring revenue with them to offset the considerable current and future property and management costs of the Center.
3. add to the stature of the Center by providing valuable artistic services for the people of Central New Jersey.
4. operate independently and without expectation of specific services or subsidies from CNJAC.

CNJAC may also seek management alliances in which it agrees to provide certain facility management or business services, when appropriate, for a fee.

Specific Changes from Current Status

CNJAC will have four basic functions:

1. Cultural District improvements and enhancements
2. Property ownership and landlord functions
3. Marketing of the district (not of each of the specific arts entities within it)
4. Large scale arts and entertainment presenter/promoter utilizing all facilities on a negotiated priority basis to maintain a high area profile through aggressive and successful presentation of visiting attractions in addition to the productions and exhibitions of the member companies. CNJAC will maintain the NBCC presenting activity in the State Theatre, but will also have the opportunity to present in other venues when such opportunities are consistent with the goals and missions of the organization

Under this scenario the State Theatre will continue as the core of the Programming Division of CNJAC. It will be fiscally separated as a Division of the CNJAC. It will be programmed and rented as a profit center for CNJAC. Programming/rental decisions at the State Theatre will continue to be governed by the priorities that it currently observes, allowing some preference for member companies and programming with sensitivity to the activities of the member companies. Rent will be paid by the State Theatre to CNJAC just as the other properties pay an annual usage fee for their space.

New leases will eventually be negotiated for each facility in which a pro-rata share of the overall facility operating costs, common area expenses, and long-term maintenance could be the basis for calculating the annual rent. That rent will be a standard square foot amount determined by aggregating the costs of operation and long-term facility care for all properties and dividing by the total

square footage of space under CNJAC management. In essence then, rent will consist of four components:

1. An amount to meet direct operating and maintenance expenses of the space
2. An amount to cover a pro-rata share of the CNJAC overhead including the marketing of the district to the area population
3. A "set-aside" for future capital replacement costs for facilities and systems that are the responsibility of CNJAC
4. An annual adjustment based on the previous year's experience with expense inflation or reduction and on any offsetting grants to CNJAC, or endowments established for CNJAC's facilities.

Every effort will have to be made to arrive at a per square foot rate that is no more and, if possible, less than the rent currently being paid by resident companies. In addition, member companies will have to have some guarantees that rents will remain stable for blocks of time of at least three years.

As property owner, CNJAC will have ultimate responsibility for the success of each facility in the district. It must put into place strategies for meeting actual operating costs for each facility as well as the overall long-term property management and capital improvement costs. Ideally, non-profit arts organizations will be able to occupy their space at a well below market level rate, subsidized in part by the inclusion of commercial tenants in the arts district. The level of *subsidy* from CNJAC will be easily calculated as the difference between the subsidized rate for the rental of space in the district and the prevailing commercial rate.

Arts and other organizations occupying spaces will be expected to meet their pro-rata obligation. If they are unable to do so, CNJAC will work with the organization to develop plans to add to the income producing potential of the space or to reduce the organization's rental burden through additional rental activity in the space. In the event that a non-profit or commercial tenant in one of CNJAC's properties is consistently unable to meet its obligations, CNJAC will cancel its tenancy and seek other qualified organizations to occupy its space.

Centralization of some maintenance functions such as carpet and seat cleaning could add substantially to rent expenses. However, unless there is an incentive for member companies to care for these items they will not be consistently maintained and will have to be replaced sooner than they would if they were regularly maintained. CNJAC should, therefore, be responsible for maintenance contracts on any items that it will be responsible to replace. Member companies should bear the cost of maintaining their own equipment and furnishings that they have to replace when they are worn out or damaged. In this way, each organization will have the incentive for proper care of its items. A clear delineation of these responsibilities should be included in any lease documents. This also means that member companies have to be able to fund raise for capital replacement.

The CNJAC board will employ and evaluate a President/CEO who will have administrative responsibility for the operation of the Center. CNJAC may form subsidiary divisions as necessary to address the core functions of the Center. Initially there will be the Facilities and Technical Services Division and the Programming and Administrative divisions. CNJAC trustees should be recruited to provide specific governance skills to either of these divisions.

CNJAC Staff

The Programming and Administrative Division staff will include:

- Vice President of Operations
- Vice President of Planning and Institutional Advancement
- Director of the Annual Fund and support staff
- Director of Finance and Construction and support staff
- Director of Marketing and Public Relations and support staff
- Box Office Manager and support staff
- Director of Education & support staff

The Facilities and Technical Division staff will include:

- Director of Operations and support staff
- Theater Manager and Front of House staff
- Stage Crew

The President and Vice President of Operations will have interlocking responsibilities across both divisions. The President may serve the organization as the Artistic Director for the Programming Division and he may engage support staff in this area.

There will be no separate board for the State Theatre. CNJAC trustees will be responsible for developing resources for the successful operation and maintenance of all of the facilities of the Center including the State Theatre. **A significant guiding assumption of this plan is that CNJAC will need the income and clout of the programming in the State Theatre to be an effective force in New Brunswick and in Central New Jersey.**

Cooperative Interaction

Member company board Presidents will meet regularly with the CNJAC President and Chairman to discuss areas of opportunity and concern within the district. Operational staffs of the member companies will be encouraged to meet with their colleagues as needed to share ideas and concerns. Efforts will be made to build and maintain consensus with member companies, but there must

be clarity about those issues on which CNJAC has authority to act in the interest of the whole without the necessity of unanimous agreement from the parts.

The closest business operating model to this is that of a shopping mall. Mall management retains responsibility for the overall mall operation and promotion. Each store in the mall is an independent corporation responsible for maintaining its space and its business. Collaborative efforts between stores are encouraged as are opportunities for the sharing of perspectives between the mall management and the store owners. Final decisions for the management of the mall rest with the mall management corporation.