

From: Minnesota Orchestra <mnorch@mnorch.pmailus.com>
Subject: A Message from our Chairman, and President and CEO
Date: October 1, 2012 6:13:35 AM CDT
To: dick_bernard@msn.com

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October 1, 2012

Dear Dick,

As a valued member of the Minnesota Orchestra family, you have received periodic updates from our organization since last spring, outlining the seriousness of our contract negotiations and the urgent need for a resolution that protects the Orchestra's future. Today, we regret to report that, despite our best efforts over nearly six months, these talks have not yielded an agreement and our musicians' contract expired as of midnight last night.

With no contract in place, the Minnesota Orchestral Association has suspended salary and benefits for musicians until a new agreement can be reached. We can no longer pay our musicians under the terms of the previous contract—as we cannot continue with the financial imbalance the contract creates.

In order to allow our audiences and other performers the opportunity to plan accordingly, we've made the decision to cancel concerts through November 25. This window also offers us a reasonable time period in which to return to the negotiating table and hopefully come to a resolution. If you hold tickets to a performance that has been cancelled, you will receive today a separate email from our [Ticket Services Department](#), apprising you that the value of your tickets has been automatically banked to your account for future use. Please watch for that email for further ticket information today.

You may wonder if this action will be a surprise to our musicians. On the contrary, we have been open with our players over the last three years about the substantial financial challenges facing the organization and our unwillingness to place any further unsustainable pressure on our endowment. On the first day of our negotiations on April 12, we put forward a contract proposal and shared with our musicians the necessity of securing a resolution before the contract expiration. Our final offer to the musicians on September 25 underscored that we would not be able to continue paying salaries under the terms of the 2007 contract. Despite these efforts, we have not received a single counterproposal from the musicians.

The Minnesota Orchestra's full-time management and administration have taken salary reductions and wage freezes, and the size of our staff has been reduced by 20 percent through layoffs in the last three years. With these efforts, we have sought to minimize the impact of the contractual obligations with our musicians, whose compensation accounts for 48 percent of our organization's operating budget. (For background: nearly 80% of our total costs support concert-related expenses, and we have now enacted significant reductions in all other areas except the musicians' contract.)

We have great respect for the players' talents; however, we cannot continue performing on borrowed time. Last year our organization posted a \$2.9 million deficit, and this year's shortfall will be larger. The Union's suggestion of final and binding arbitration gives us no assurance that the Orchestra's financial instability would be solved even in the short term. At best, it would delay the needed changes for many months while the arbitration unfolds, during which time we would continue with unsustainable salary and benefit levels. We cannot turn responsibility for the Orchestra's future over to a single arbitrator, who likely would have little familiarity with our organization or industry.

Our Board is united in the belief that, in order to protect the Minnesota Orchestra for the long term, we must address our financial challenges now, rather than push them down the road and allow them to multiply. Many of you have expressed gratitude for this sensible stewardship, and we thank you for your support.

Today is a difficult day for our organization, and the weeks ahead will be challenging. We ask you to join us in keeping your focus on the bright future of our Orchestra. A Minnesota Orchestra that is both artistically excellent and financially solvent will ultimately benefit our audiences, supporters, community and musicians for years to come.

You may have additional questions. Many of them are likely to be answered with information already on our website at minnesotaorchestra.org/contract. Thank you for your continued commitment and patronage.

Sincerely,



Jon R. Campbell
Minnesota Orchestra Board Chair



Michael Henson
Minnesota Orchestra President and CEO

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