

WASHINGTON STATE HISTORICAL SOCIETY
BOARD OF TRUSTEES

MINUTES

ENTITY: WSHS Board of Trustees
 DATE: March 1, 2012
 LOCATION: State Capital Museum, Olympia
 TRUSTEES PRESENT: Daniel Grimm, Chairman; Charles Bingham; Robert Carriker; John Hughes; Jane Jacobsen; Larry Kopp; Alex McGregor; Sam Reed; Richard Scheuerman; Harriet Spanel; Sheryl Stiefel
 STAFF PRESENT: Jennifer Kilmer, Director; Christopher Lee, Chief Financial Officer; Misty Dawn Reese, Chief Administrative Officer; Mark Vessey, National History Day Coordinator
 PREPARED BY: Misty Dawn Reese

Mr. Vesey reviewed the Society's management of National History Day prior to the meeting, highlighting the interest among students and the quality of their projects.

I. Call to Order and Introductions

Chairman Grimm called the meeting to order at 12:31 p.m.

II. Consent Items

- a. Minutes, September 27, 2011 Meeting [Exhibit 1]*
The minutes were adopted as presented.
- b. Future Board Meeting Schedule [Exhibit 2]*
The schedule was adopted as presented.

III. Policy, Planning & Governance

a. Governance Committee

Board Nominees 2010-2013

Mr. Bingham said the committee is identifying potential members of the Board and will be submitting nominations at a future meeting.

b. Finance Committee

i. Investment Report [Exhibit 3]*

Ms. Kilmer reviewed the Investment Report, noting the value of the Society's endowment funds have declined by 7.5% in the most recent quarter due to continuing market volatility. She said the Society's fund manager, Laird Norton Tyee, has operated within guidelines established by the Board.

In behalf of Chairwoman Dressel, Mr. Kopp submitted a Committee recommendation to decrease the exposure of Society endowment funds to public equities and increase proportionately the exposure to fixed income instruments. He explained the re-allocation of assets would be more appropriate to the anticipated increase in endowment fund withdrawals necessary to compensate for reduced state funding. The more conservative portfolio would have a minimal effect on long term appreciation of

value while significantly reducing volatility and the prospect of being forced to sell assets when values are depressed.

Ms. Kilmer noted the Finance Committee recommendation would be in addition to the allocation to hedge funds approved at the last board meeting. Mr. Kopp added that both re-allocation proposals were based on Laird Norton Tye recommendations.

Mr. Kopp moved adoption of the Finance Committee recommendation. The motion was adopted.

ii. Financial Report [Exhibit 4]

Ms. Kilmer explained the Society's cash position has improved slightly but the report shows a deficit of \$130,000 due to the reduced value of endowment funds and a large expenditure for the Station Camp project.

iii. Revenue Forecast

Ms. Kilmer explained local fund revenue for the year is anticipated to be \$20,000 below target but she is considering increasing admission fees and increasing other sources of local revenue to offset the projected losses.

Mr. Bingham asked if Society facilities are being properly maintained despite difficult financial conditions. Ms. Kilmer and Mr. Lee said facility maintenance was not being deferred but explained some capital funds have been re-allocated to compensate for reduced operating fund support.

iv. Operating Fund Distribution [Exhibit 5]

Ms. Kilmer said she has allocated to the Society's various departments the remainder of uncommitted working capital. She does not anticipate further state funding reductions during the current biennium. The allocations will allow staff to prepare long range goals for exhibits and other programs. She said remaining reserves are being held to cover costs associated with staff retirements as they occur.

Mr. Kopp asked how Ms. Kilmer determines which exhibits will be of the greatest public interest. Ms. Kilmer said her strategy is to offer a combination of exhibits that will appeal to traditional as well as general audiences.

Ms. Jacobsen noted the importance of an appealing museum entrance. Ms. Kilmer explained she is developing upgrades that will be more engaging and comfortable, including better lighting, more seating, and the relocation of the admission desk so it will be more convenient to visitors.

c. Proposed By-laws amendment [Exhibit 6]*

Ms. Kilmer proposed moving the 2012 Annual Meeting from June to October to coincide with a scheduled Heritage Conference, explaining it would save money and increase attendance at both events.

Chairman Grimm suggested changing the Society's by-laws to allow annual meetings to be held at dates determined by the Board or Executive Committee.

Without objection, Chairman Grimm ruled the motion was adopted.

IV. Operations/Performance/Trend Assessments

a. Strategic Planning Meetings Report

Ms. Kilmer reported she has met with several trustees and numerous others about the future of the organization. She said that, in her meeting, Trustees emphasized her initial efforts will focus on:

- strengthening relationships with local history and heritage associations by publishing a monthly newsletter and scheduling quarterly workshops;
- supporting and collaborating with the Northwest Museum of Arts and Culture (NWMAC) the Society's counterpart in Eastern Washington;
- increasing school group tours;
- expanding the use of digital and mobile technologies to reach new audiences; and,
- strengthening relationships with interested individuals and organizations in Tacoma.

Ms. Kilmer announced the appointment of Shanna Stevenson as Executive Editor of ***Columbia Magazine*** and the new ***Heritage Newsletter***.

b. 2011 Visitor Benchmark Survey

Ms. Kilmer reported Society employees have once again greatly exceeded the survey average for courtesy and facility cleanliness.

Of Society visitors surveyed, Ms. Kilmer said 60% visit twice per year, which is insufficient to support growing membership. Ms. Kilmer said exhibit ratings are not as good as they could be but added admission value has been rated above the benchmark for some time, indicating admission fees could be increased by by \$1-2.00.

Ms. Kilmer concluded by saying the current survey is not of great value so she is looking at revamping it to acquire information that is more helpful in organizational assessment and planning.

c. Agency Activities and Performance Benchmarks

Ms. Kilmer reported on progress compared to agency performance benchmarks. On the whole, the Society is on target for most benchmarks but is not meeting targets in admissions, student visits, and membership. She noted website traffic is exceeding targets.

d. Castles Endowment/Center for Columbia River History Report (CCRH)

Ms. Kilmer announced she has eliminated the staff position assigned to the CCRH, a consortium of Portland State University, WSU-Vancouver, and WSHS established to promote Columbia River History. She is working with representatives of the consortium to draft a new memorandum of understanding that will continue the partnership but not require an allocation of operating funds. She hopes to create a grant program funded by the Castles

Endowment that would be dedicated to projects, programs, and student fellowships in the Columbia River Basin, which would be in keeping with the original intent of the Endowment.

NEW ITEM

Ms. Kilmer reported on the status of the state's capital and operating budgets.

Capital Budget. Ms. Kilmer said the Senate capital budget includes \$5.9 million for heritage projects administered by the Society. The House capital budget does not include any funding for heritage projects.

Operating budget. Ms. Kilmer explained the Society's source of state operating funds is in jeopardy. Current funding comes from a Heritage Center Account created to fund construction of a new building on the state capital campus. The project has been indefinitely postponed and funds in the account have been appropriated to operating budgets for heritage-related state agencies, including the Society.

Biennial expenditures of \$13 million from the Account will be greater than the \$7 million in projected revenue after the initial balance of \$12 million has been depleted. In the absence of other sources of state funding, Ms. Kilmer explained appropriations for heritage-related agencies will need to be reduced by half funding for some agencies will need to be eliminated, or alternative funding sources need to be identified.

The House capital budget proposes transferring \$5.6 million of Account revenues to capital projects and the Senate operating budget proposes transferring \$4.0 million to the State Library. The decline in Heritage Center Account funds and the potential diversion of the remaining funds pose a significant threat to state funding for the Society.

To address the chronic problems of declining state funds and diminishing public interest in museums generally, Ms. Kilmer said she will be developing a strategic plan for the Board to consider at the June meeting.

RECOGNITION

Chairman Grimm announced the recent publication of *Slade Gorton, A Half Century In Politics*, written by trustee John Hughes.

Chairman Grimm adjourned the meeting at 3:13 p.m.