

WASHINGTON STATE HISTORICAL SOCIETY
BOARD OF TRUSTEES

MINUTES

ENTITY: WSHS Board of Trustees
DATE: March 3, 2011
LOCATION: Olympia, Coach House, State Capital Museum
TRUSTEES PRESENT: Daniel Grimm, Chairman; Charles Bingham; Melanie Dressel; John Hughes; Jane Jacobsen; Larry Kopp; Corky Mattingly; Alex McGregor; George Moynihan; Sheryl Stiefel; Victoria Woodards; Patrick McDonald (for Sam Reed)
STAFF PRESENT: David Nicandri, Director; Laura Berry, Development Director; Christopher Lee, Chief Financial Officer; Misty Dawn Reese, Assistant Director of Human Resources and Administration
PREPARED BY: Misty Dawn Reese

I. Call to Order and Introductions

Chairman Grimm called the meeting to order at 11:44 a.m.

II. Consent Items

a. Minutes, September 29, 2010 Meeting [Exhibit 1]*

The minutes of the September 29, 2010 meeting were approved as submitted.

b. Future Board Meeting Schedule [Exhibit 2]*

The meeting schedule was approved as submitted.

III. Policy, Planning & Governance

a. Governance Committee

Chairman Charley Bingham reported the Committee recommends the reappointment of incumbent board members Derek Kilmer, Michael Gregoire, Michael Allen, Leonard Forsman, and himself, and the appointment of new members Bob Carriker and Richard Sheuerman.

David Nicandri provided brief biographies of the prospective board members.

Mr. Bingham moved the board elect those members recommended by the Committee for terms starting July 1, 2011 and ending June 30, 2014. The motion was seconded and approved unanimously.

b. Finance Committee

Chairwoman Melanie Dressel, introduced Natalie Holm and Bryan Knutsen of Laird Norton & Tyee, the Society's trust fund manager.

i. Investment Report [Exhibit 3]

At the request of the Finance Committee, Ms. Holm and Mr. Knutsen presented two asset allocation strategies for Society trust funds that would allow annual withdrawals of up to eight percent while minimizing the adverse effect on long-term value

appreciation, based on the assumption the Society might need to rely on trust funds to compensate for potential reductions in state funding due to the economic recession.

Chairman Grimm indicated it was not necessary to settle the matter at the moment because it would be several weeks before a final state budget is approved but noted it would be imprudent to delay adoption of the Society's budget until the customary June board meeting.

To provide budget preparation guidance to Mr. Nicandri, Chairman Grimm asked board members to express their operational and funding preferences. He explained modest withdrawals of trust fund assets would still require significant budget reductions beyond the reductions imposed over the past two years while trust fund withdrawals sufficient to maintain current operations over the next two years would exhaust all available trust funds, after which the Society could be faced with the prospect of no trust funds and no state funds for other than maintaining facilities and collections. Board consensus was in favor of maintaining operations to the greatest extent possible while pursuing alternative sources of funding. Mr. Kopp suggested the adoption of short-term budgets that would allow the board maximum flexibility as alternatives are explored.

To provide for an orderly transition to the new budget period beginning July 1, Chairwoman Dressel moved that the Executive Committee be authorized to develop and implement the Society's 2011-13 budget as soon as practical, including the potential use of trust funds. Jane Jacobsen seconded the motion. The motion was approved unanimously.

ii. Financial Report [Exhibit 4]

Mr. Nicandri presented the financial report, noting reserved funds totaled \$460,000 as of December 31, 2010.

iii. Capacity Building Initiative

Mr. Nicandri related a recent conversation with Murdock Trust officials about the prospect of significant state budget cuts. As long-standing supporters of the Society, they indicated interest in a proposal to expand the Society's fundraising capabilities. Mr. Nicandri anticipates a six figure grant with the Trust providing 100% the first year, 66% the second year and 33% the third and final year. Laura Berry is working on a letter of intent to be submitted some time in the next few weeks.

iv. Gift Policy [Exhibit 5]*

Mr. Nicandri introduced the Society's new Development Director, Laura Berry, and asked her to share some background on her proposed Gift Policy.

Ms. Berry provided an overview of the policy, highlighting the expectations and guidelines for gift givers, noting the policy would apply only to traditional financial development, not gifts to the Society's collections.

Board members praised the proposed gift policy. Ms. Jacobsen moved adoption of the policy and Chairman Grimm seconded the motion. The motion was approved unanimously.

IV. Operations/Performance/Trend Assessments

a. 2011-2013 Budget Outlook

Mr. Nicandri described the downward trajectory in state support over the last two biennia and the proposed budget for next biennium. Based upon a discussion with board members in December, plus counsel provided by the advocacy team hired by the Tacoma Chamber of Commerce, the Society is now advocating a budget of \$3.9 million in state operating funds, which is \$1.5 million above the Governor's proposal.

Meeting adjourned at 2:07 p.m.