

MINUTES

ROLL CALL

Trustees

Chippindall, Andrew, Chair	Present
Smith, Gerri, Vice Chair	Phone
Beyersdorfer, Jeff, Treasurer	Present
Hasenstein, Sue, Secretary	Proxy
Andres-Schneider, Ellen	Phone
Baughman, Tim	Phone
Beverly, Bruce, SCPA Representative	Present
Clark, Tom	Absent
Diamond, Suzanne	Present
Dye, Sydney, SMOCA Representative	Absent
Felder, Rich	Phone
Fusillo, Mary	Proxy
Gubar, Leonard	Phone
Hayslip, Richard	Present
Hernandez, Rosary	Absent
Irish, Christine, SPA Representative	Present
Itzkowitz, David, SMOCA Representative	Present
Kapner, Peggy	Present
Mike Miller	Absent
Pete Miller	Present

Trustees continued

Millon, JP	Absent
Roberts, Terry	Absent
Sassenberg, Bret, SPA Representative	Absent
Smith, Diana	Present
Smith, Vicki	Present
Wills, Kathy, SCPA Representative	Present

Staff

Perl, Neale, President & CEO	Present
Owen, Mallard, Chief of Operations & Finance	Present
Cochran, Sara, SMOCA Director & Chief Curator	Present
Steve Baker, Director of Marketing & Communications	Present
Isaac, Donna, Director, Public Art	Present
Joyce, Kathy, Director of Development	Present
Marsh, Natalie, Director of Education & Outreach	Present

OPEN MEETING

1. Call to Order

- a. Andrew Chippindall called the meeting to order at 4:12 p.m.
- b. Welcome and Announcements

Andrew Chippindall

Andrew asked for public comments. **There were no public comments.**

CONSENT AGENDA

2. Motion to Approve Consent Agenda Items

(Any consent agenda item may be removed for separate action by the Board of Trustees.)

- a. Approve March 28, 2017, Board of Trustees meeting minutes
- b. Approve April 12, 2017 Scottsdale Public Art Advisory Board marked agenda
- c. Approve May 10, 2017 Scottsdale Public Art Advisory Board marked agenda

A motion was made by Chris Irish, and seconded by Kathy Wills, to approve the consent agenda. Motion passed unanimously.

REGULAR AGENDA

3. Chair's Report

Andrew Chippindall

Andrew reported that an electronic vote of the board of trustees was taken on two funding requests. The first is a \$410,000 two-year grant proposal to be submitted to the Virginia G. Piper Charitable Trust for Tessitura/Website integration and database cleanup. **The board of trustees voted electronically to approve the \$410,000 grant proposal to the Virginia G. Piper Charitable Trust. Motion passed 23-1 in favor.** The second is a \$650,000 request for funding to be submitted to the City of Scottsdale for Canal Convergence. **The board of trustees voted electronically to approve the \$650,000 request to**

the **Tourism Development Commission of the City of Scottsdale**. Motion passed unanimously. Andrew thanked Donna Isaac for her service to Scottsdale Arts/Scottsdale Public Art, wished her a happy and fulfilling retirement, and presented her with a gift from the Board.

Andrew thanked the board for their participation in the Board Retreat last month, noting great progress was made towards identifying the next big thing at Scottsdale Arts and thanking the board for reviewing and approving the funding request for Canal Convergence.

4. Governance Committee Report

Richard Hayslip

Richard thanked Diana Smith for her service to the Board of Trustees and her support of Scottsdale Arts over the years, sharing some memories of her time and thanking her for sharing her passion for the arts. Neale thanked Diana and extended those thanks to Councilman Smith, for their counsel during his first year as President of Scottsdale Arts.

Richard presented the governance committees recommendations for the re-election of At Large Trustee Rich Felder, the election of new At Large Trustees Kathy Wills and Alison Lewis, the slate of officers and advisory board members, and the membership of the standing committees: executive, finance, and governance.

A motion was made by Diana Smith, and seconded by Jeff Beyersdorfer, to approve the re-election of Rich Felder as an At Large Trustee. Motion passed unanimously.

A motion was made by Diana Smith, and seconded by Peggy Kapner, to approve Kathy Wills and Alison Lewis as an At Large Trustees. Motion passed unanimously.

A motion was made by Diana Smith, and seconded by Vicki Smith, to approve the officers of the board for FY2017/18 as Kathy Wills (Chair), Gerri Smith (Vice Chair), Jeff Beyersdorfer (Vice Chair and Treasurer), and Sue Hasenstein (Secretary). Motion passed unanimously.

A motion was made by Jeff Beyersdorfer, and seconded by Diana Smith, to approve the advisory board representatives to the board of trustees for FY2017/18 as Bruce Beverly (SCPA), Sydney Dye and David Itzkowitz (SMoCA), and Chris Irish and Steve Schwingamer (SPA). Motion passed unanimously.

A motion was made by Diana Smith, and seconded by Vicki Smith, to approve the membership of the executive committee as Kathy Wills (Chair), Gerri Smith (Vice Chair), Jeff Beyersdorfer (Vice Chair & Treasurer), Sue Hasenstein (Secretary), Andrew Chippindall (Past Chair), Sydney Dye (SMoCA Rep.), Chris Irish (SPA rep.), JP Millon, and Richard Hayslip. Motion passed unanimously.

A motion was made by Peggy Kapner, and seconded by Kathy Wills, to approve the membership of the finance committee as Jeff Beyersdorfer (Chair), Tim Baughman, Rich Felder, Mike Miller, and Vicki Smith. Motion passed unanimously.

A motion was made by Diana Smith, and seconded by Pete Miller, to approve the membership of the governance committee as Richard Hayslip (Chair), Andrew Chippindall, Peggy Kapner, Terry Roberts, and Gerri Smith. Motion passed unanimously.

5. Community Arts Grant

Chris Irish

Chris presented the Community Arts Grant Panelists' recommendation for this cycle's Community Arts Grant funding. Rich Felder questioned why the Arizona MusicFest was asking for general operating support and why funding was recommended by the panel when they don't need funds. Chris explained that funding recommendations are not based on need, they are based on the organizations' applications that cycle. Diana Smith asked why funding for the Scottsdale Philharmonic was not recommended. Chris shared some of the panelists' comments and then explained the process of the Community Arts Grant program. An independent panel of volunteers reviews each application received, noting any comments or questions and submitting scoring for a number of areas including impact, quality, and finances. The grants administrator compiles the scores and comments and the panel meets to review and discuss, first determining whether to fund, then determining, based on the number of organizations to be funded, how much to award each from the limited

pool of \$60,000. It was noted that over the past three years, applicants have requested a total of over \$200,000 collectively each year for an award pool of only \$60,000 per year. Andrew shared that, in past years, as chair of the panel, he found the process to be fair and unbiased noting it is a very competitive grant program.

A motion was made by Diana Smith, and seconded by Richard Hayslip, to approve the Community Arts Grant funding as recommended by the panel. Motion passed unanimously.

6. Finance Committee

Jeff Beyersdorfer

Jeff referred the board to the April YTD financial statement and FY17 projections documents that were sent as a pre-read document noting there was an inflated revenue issue in the journal entries that has been corrected in the statements. Jeff reported that Henry & Horne had completed their review of 150 contributed revenue transactions and found no issues. Jeff reported that the Finance Committee recommended the retention of a CFO consultant, Jim Prindiville, to assist with the budget process and review protocol and policies. Jeff reported that new software is being utilized for payroll (Paylocity), financials (Financial Edge NXT), corporate charge cards (Wells Fargo CEO), and budgeting (ABM). The next step is integrating NXT with Tessitura.

Jeff reported that the Finance Committee approved the FY18 budget. Mallard Owen reported that “all hands” were in ABM, the new budget software, and that many additional staff were included in the budget process this year. Work continues on updating year-end projections. Mal presented the budget via PPT noting – Overall NET similar to last FY FY17: \$17,579, FY18: \$24,394. Budget includes \$650K recommendation from Tourism Development Commission to City of Scottsdale for Canal Convergence. Earned Revenue includes: SCPA Performances, Expanded classical presentations to include Yo-Yo Ma, Focus on increasing subscriptions to VGP series, Scottsdale Arts Presents – 6 offsite performances, Increased number of co-pros, leverages loyal audience of promoting partner, Overall number of performance currently at 122, New director starts in August – will continue to enhance & expand programming, Native Trails not renewed and not in budget (program’s continuation contingent on finding a new funding source); SMOCA Admissions, Budgeting slightly more revenue based on increased marketing; Festivals, Budgeting lower for Arts Festival based on competing festivals and FY17 results, No revenue (and expenses) for Film Festival; Rentals, Budgeting slightly lower due to less revenue from equipment reimbursement, Department in transition as it shifts to more proactive sales; Retail, Budgeting slightly lower due to FY17 results. Contributed Revenue includes: Individuals, Significant increase based on improvements in moves management, Greatest segment for growth; Corporate, Increase due to more focus from staff; Grants/Foundation, Working towards more multi-year grants, Identifying new foundations interested in funding Education’s programs; Government, Partnering with local agencies to increase funding on specific programs. FY18 – Personnel Plans & Issues: Budget includes allowance for 3% increase in staff compensation, Budget does not include a lapse rate for vacancies – in FY17, lapse rate included in budget at 1.5%, New Director of Performing Arts starts in August 2017, Search for New Director of Public Art – current Director retiring 6/30/17 (will consult, via TDC funding, on Canal Convergence through Nov. 2017), Not replacing Film Curator (Film Festival Executive Director), Postponing refilling Group Sales Specialist – not in budget Budgeted increase in minimum wage to \$10.50/hour effective Jan. 1, Adjusted for and budgeted based on new Fair Labor Standards Act (FLSA) law affecting non-exempt status and overtime, Moving 2 part-time positions to full-time in Education and Marketing, Adding 3-4 more part-time Protection Services Offices (to reduce outside contracting costs). As a contingency, potential areas for reducing FY18 expenditures include: Review projections in December as little operational activity occurs in first quarter, No lapse rate factored into this year’s budget – at 1.5% would equate to ~\$64K, Reduce conferences/travel – up to ~\$90K, Postpone compensation increases – up to ~\$100K. Mal thanked staff, Victoria Agudelo-Martin, Jeff Beyersdorfer, and the Finance Committee.

Diana Smith thanked Mal for sending the budget earlier than the normal pre-read distribution timing. Diana expressed her concern over the virtually non-existent Dance programming, the reduction in Retail and Rental revenues, and the loss of Native Trails and the Scottsdale International Film Festival. She also questioned not having received the divisional breakout stating difficulty advocating without information. She commended everyone for pulling together and thanked the Finance committee for their Yeoman’s job.

Neale answered that there are 122 performances booked for FY17/18 noting the major challenge with Dance is with finding a company to agree to a one night engagement. Scottsdale Arts lost money on Aspen Santa Fe Ballet. Underwriters for Dance are needed in order to break even. Diana suggested replacing revenue stream and touting performers.

Pete Miller questioned the relatively small increase in employee benefits, noting that the current trend is a fairly large increase for most companies. Mal asked HR Manager, Lisa DeGroot to respond. Lisa reported that she negotiated lower dental, vision, and disability rates which mostly offset the 9.5% increase of the medical coverage through BC/BS.

A motion was made by Richard Hayslip, and seconded by Peggy Kapner, to approve the FY18 budget as presented. Motion passed with 18 yes votes and one abstention.

7. Investment Committee Report

Rich Felder

Rich reported that the comparison between Miller Russell Associates/Charles Schwab and the Arizona Community Foundation investment funds was completed by the committee. The committee recommended an RFP to shop endowments and recommends opening an initial account at the Arizona Community Foundation with \$250,000 from the Charles Schwab funds.

A motion was made by Diana Smith, and seconded by Bruce Beverly, to open an account at the Arizona Community Foundation with a \$250,000 draw from the current endowed accounts at Charles Schwab.

8. President's Report

Neale Perl

Neale reported on the President's Dinner that was held on stage for members of the City Council and Scottsdale Arts' Executive Committee members on April 20th which included a video on the making of Canal Convergence, and a special light show demonstrating the new intelligent moving and parabolic lights and follow spots, noting that one councilperson had remarked, "Thank you for doing this. You made us feel important. We are humbled by this." Neale also reported that Lyn Dunn, a family friend, recently visited campus. Her visit may result in increased funding from the Eichholz Foundation, sponsors of the Young@Art Gallery. Neale asked for feedback on four task forces which will be established based on the board retreat discussions: Education, Canal Convergence, Stage 2, and Strategic Plan.

Neale asked Director of Marketing & Communications to give an update on the 2017/18 season. Steve reported \$450,000 in sales to date, \$80,000 of which occurred in the first day of the season launch. To date, 1,015 tickets to Yo-Yo Ma have been sold. The best-selling concerts to date include: Kelli O'Hara, Megan Hilty, The Chieftains, Tango Fire, Big Bad Voodoo Christmas, Jesse Cook, The Ten Tenors, and Parsons Dance.

Neale asked Kathy Wills to report on development. Kathy reported that in order to grow contributed revenue, the most important asset is to grow the number of donors with active participation in the organization. This year, the development is accomplishing this very important move by implementing a new portfolio strategy. Stewardship is a very important part of growing individual gifts, and this week, the development committee mailed personal letters to our top 216 donors (those with gifts of \$1,000 and up). This level of stewardship is essential and allows our donors to receive an additional layer of appreciation. Thank you to the committee! As we are rounding the turn for the final stretch to the end of the fiscal year, here is an update and projections for arriving at our goals: Individuals – April Actual \$604,073+, pending asks \$248,500+, Board of Trustees \$154,435 for a total projected \$916,307; Grants – April Actual \$180,074, Arrived in May \$50,000, Pending arrival \$146,500 for a total projected \$376,574; Corporate – April Actual \$30,947, Renewals \$265,000, New Source \$25,000 for a total projected \$320,947. Kathy Joyce and Gerri Smith gave a brief Gala preview presentation and encouraged board members to purchase a table.

Diana thanked Andrew for his service as Chair of the Board.

ADJOURNMENT

Meeting Adjourned at 6:08pm

Respectfully submitted,
Kelly Hicks
Recording Secretary