

## MINUTES

### ROLL CALL

#### Trustees

Wills, Kathy, Chair	Present
Beyersdorfer, Jeff, Vice Chair	Absent
Miller, Mike, Treasurer	Present
Kapner, Peggy, Secretary	Present
Chippindall, Andrew, Past Chair	Present
Anderson, Rhonda	Absent
Appell, Felice	Present
Backlund, Ryan	Present
Baughman, Tim	Present
Beverly, Bruce	Present
Biddle, Steve	Present
Diamond, Suzanne	Present
Fedewa, Mary	Present
Hasenstein, Sue	Present
Irish, Christine	Present
Itzkowitz, David	Present
Lewis, Alison	Present

Lyon, Stephanie	Absent
Millon, JP	Present
Robbins, Dennis	Present
Roberts, Terry	Proxy
Roskam, Merle	Present
Schenkein, Jackie	Present
Serena, Christian	Present
Smith, Vicki	Phone

#### Staff

Curry-Evans, Kim, Director, Scottsdale Public Art
Hicks, Kelly, Executive Assistant & Board Liaison
Marsh, Natalie, Director of Education & Outreach
McDaniel, Scott, Director of Finance & Administration
McCabe, Jennifer, Director & Chief Curator, SMOCA
Messmer, Abbey, Programming Director, SCPA
Prins, Jamie, Events Director
Reeves, Meribeth, Managing Director, SCPA
Wustemann, Gerd, President & CEO

### OPEN MEETING

#### 1. Call to Order & Announcements

Kathy Wills

- a. Kathy Wills called the meeting to order at 4:01 p.m.
- b. Kathy welcomed new board members, Ryan Backlund, Mary Fedewa, and Dennis Robbins; and thanked Mike Miller for his service as Interim CEO. Kathy thanked board members for completing the after meeting survey.
- c. Public Comments - Kathy asked for public comments. **There were no public comments.**

### CONSENT AGENDA

#### 2. Motion to Approve Consent Agenda Items

#### Action

- a. September 25, 2018 Board of Trustees meeting minutes
- b. October 10, 2018 Scottsdale Public Art Advisory Board meeting marked agenda

**A motion was made by Bruce Beverly, and seconded by Sue Hasenstein, to approve the consent agenda. Motion passed unanimously.**

### REGULAR AGENDA

#### 3. Audit Presentation

**Colette Kamps, Partner, Henry & Horne**

Scott introduced Colette Kamps, Partner with Henry & Horne. Colette gave an overview of the audit process which included a risk assessment site visit, audit planning meeting, audit fieldwork, draft report, conversations with CFO and CEO, and a final draft presented for board of trustee review. Adjustments recorded included: reclass deferred rent expense/depreciation, reclass current/long term portion of deferred rent, and reclass income tax liability (\$10k). No significant deficiencies or material weaknesses were identified. Compared to 2017: Cash assets increased \$148k, receivables assets decreased \$244k, and fixed assets decreased \$242k. Revenue trends showed increases in City contract, earned and contributed revenues. Program expenses were 73% of total expenses. A statement of functional

expenses was added in FY 2018 and included supplementary information, detail of expenses by natural category and also by functional expense category. These will be required next year. Significant disclosures included: Significant accounting policies (describes accounting policies followed to out together the financial statements), terms of contract and total amounts for City of Scottsdale and Public Art contracts, activity in endowment funds (including allocation of investment return) – underwater funds total (\$264,688), and descriptions of purpose restrictions and amounts for restricted net assets. New Guidelines: Not-For-Profit Financial Reporting will require changes to certain financial statement presentation including net asset classification. It will also require new disclosures on the organization's expense allocation methodology, liquidity policy, and a calculation of liquidity. Revenue Recognition Standard will require entities to analyze how revenue, other than contributions and investment returns, will be recognized using the accounting criteria in the new standard. Grants and contracts could be affected. Lease Accounting Standard will require most leases to be accounted for like capital leases with right of use assets and corresponding obligations being recorded at inception with forward amortization. Colette called for questions from the board. There were no questions.

#### **4. CEO Report**

**Gerd Wustemann**

Gerd reported internal, external, Development, City of Scottsdale and Partnership issues.

Internal: Strategic Plan activity includes the culling of action items from hundreds to 10 per goal area with timelines. Canal Convergence 5 year strategy is being developed for growth using models from the Chicago Expo, Art Basel, SXSW, and Aspen Ideas Festival, with the idea to include and leverage existing events, create a conference, and build partnerships and revenue models. In programming, 2 additional Spring shows are confirmed with 6 – 8 others in the works. Work has begun on developing an outdoor festival for Fall 2019 or Spring 2020 after Drinkwater overpass/landbridge reopens and will be a precursor to future amphitheater stage events. The marketing team has been restructured with the hiring of new senior marketing staff, new PR staff and Social Media specialist (new position). Advertising buys have been repositioned with a shift to a digital focus for budget savings and increased impact. Website development is on target for a January release. An employee survey shows areas for concern for staff include compensation, recognition of performance, and professional development. It also showed that 10% of staff are extremely excited to come to work everyday.

External: Gerd is continuing a very heavy meeting schedule with architects for CIP project; colleagues and site visits; political meetings with Council, Mayor, State representatives; current, past, and new potential donors; corporate entities; and artists.

Development: FY 19 goal is \$2.3M, same as last year's initial budget goal, which was reduced to \$2.1M mid-year, then \$1.9M Q4 and ended up around \$1.8M. Q1 numbers are solid and ahead of projection – but it is early in the year and we benefit from some FY18 Q4 commitments coming in this FY. Board contributions are now tracked separately and 90%+ are paid – thank you! Unexpected windfalls include grants from Yavapai and Salt River Pima Maricopa Indian Communities for Native Trails. SMOCA support showing strong in Q1 – current exhibitions are “overfunded”! Most renewals of individual and corporate so far renewed at same or higher level. Biggest challenge is to raise our game – we have not broken \$2M in the last 7 years. Prospect lists have been issued and the process of scheduling solicitation meetings is underway. Board members can help by connecting CEO and Development Team to prospects. Major opportunities to pitch include: Lead gift to future SMOCA expansion during 20<sup>th</sup> anniversary marquee event; SCPA capital campaign kickoff ICW City of Scottsdale CIP award in April for Stage 2, Stage 3, offices, 3<sup>rd</sup> floor & rooftop, 2<sup>nd</sup> Street Gateway; Operations reserve, endowment and capitalization gifts to sustain Scottsdale Arts' future growth. Critical function: assess development department structure, staffing needs and goals – engaged The Cagney Company to produce an assessment by December 1<sup>st</sup>, actively recruiting development director and corporate gift officer, hoping to have fully staffed team by January 1<sup>st</sup>. Gala is underway thanks to the committee. Mayor Lane has agreed to be the honorary chair. We have 8 tables left to sell. Gala light needs help – only 50 tickets out of 400 have been sold. SMOCA 20<sup>th</sup> anniversary planning continues – please let us know if you want to join the committee. A year-long celebration, with a kick-off gala February 15<sup>th</sup>, will look back at 20 years, while looking ahead at next 20 years of growth. This is a capital campaign opportunity. We need more development committee members. Please let Gerd, Kathy, or Christian know if you are interested!

City of Scottsdale: After site visit by consultants, an extensive report was created for the City about Civic Center Plaza wayfinding, outdoor venue, SCPA venues, Scottsdale Stadium, and outdoor sound studies. Gerd met with local, regional,

and national architects. A \$25M capital project with string support materials was submitted to the office of Tourism & Events. Stage 2 is also included as a lower priority. Work on the management services agreement (MSA) continues with Assistant City Manager and Contracts Administrator. A new cover sheet was developed which aligns City expectations with Scottsdale Arts' strategic plan. There are new and better aligned financial categories and expectations. We are continuing the fine-tuning of details and language and the removal of language still present from early 2000's MSA. Completion is expected by January with Council approval in February. A conversation was held with Museum of the West about a possible joint future art storage facility to serve collections held by both entities. Gerd and Kathy presented to a City of Frisco delegation about Scottsdale Arts and new performing arts center venues.

Partnerships: Joint events include: AJ's at Museum of the West, Taliesin Jazz show with Emmet Cohen Trio, and Silverleaf and Taliesin shows with Jonathan Christopher (thanks to Vicki Smith!). Scottsdale Philharmonic is being considered as Scottsdale Arts' resident orchestra and The Phoenix Symphony returns to Scottsdale Arts in 2019-2020! Conversations are underway with Ballet Arizona and the Heard Museum for future joint projects. Scottsdale Arts premieres a new co-commission in 2020 with ASU dance program director and McArthur award winner Liz Lerman which leverages Liz/ASU dance to build engagement. We are in talks with Honor Health about future Scottsdale Arts campus growth, collaborative and innovative building project on 2<sup>nd</sup> Street. Marshall Way becomes future Arts Corridor including Scottsdale Arts campus and expansion, Museum of the West, Public Art at Museum Square and Marshall Way/Indian School Road, and the Gallery District.

## 5. Finance Committee Report

**Mike Miller**

Mike Miller noted that the Finance Committee goes through financials very carefully and provides an overview to the board. Bottom line is looking strong. Revenue: Museum admissions are strong, SCPA is a little behind which is not surprising given late start to booking season. Expenses: below budget overall and being managed well. Cash Flow: looks positive for getting through Summer without tapping into line of credit. Policies: being reviewed, processed documented. Gerd noted that we need to right-size organization and review underwater endowment funds but we are otherwise doing well. Mike called for a motion to approve the audited financial statements presented by Henry & Horne.

A motion was made by Peggy Kapner, and seconded by Jackie Schenkein, to approve the audited financial statements as presented. Motion passed unanimously.

## 6. Governance Committee Report

**Peggy Kapner**

Peggy thanked board members for their electronic approval of the revised and restated Bylaws (which reclassified advisory boards to committees allowing each operating branch to activate these committees as it best aligns with each area's need while ensuring the board of trustees is the sole body with governing authority. A document of resolutions was also reviewed and approved by the board, further detailing Standing and Standing Other Committees powers, duties, and responsibilities. These changes reflect that 1) there will be one representative from each operating branch committee who will serve on the Executive Committee, and 2) the finance committee has absorbed the Investment Committee. The revision also reduces the number of representatives from each operating branch "committee" from two to one on the Executive Committee, and calls for the chairs of standing other committees aka Ad Hoc committees (HR, Development, Marketing) to be a voting member of the Board of Trustees. An attachment in a new board resolution document further explained the powers and responsibilities of the Finance Committee. Pursuant to the board's approval at the May 2018 meeting of the Advisory Board change proposal [to eliminate the current give/get requirement for all current advisory boards; require members purchase a membership (minimum \$50 Arts Lover - encourage \$1250 President's Club), the Trustee Roles and Responsibilities document was revised, reviewed and approved.

## 7. Development Committee Report

**Christian Serena**

Christian elaborated on Gerd's report, noting the committee is working on traction with new donors, building a pipeline, and is now utilizing the database system more fully.

## 8. Education Task Force

**Natalie Marsh on behalf of Terry Roberts**

Natalie reported that the Education Task Force, which meets quarterly, is actively seeking new members. The committee is focusing on short and long term projects including Canal Convergence. Education programs have experienced a 5%

increase in attendance. Surveys show a 93% positive impact on quality of life and a 96% positive impact on student learning/teacher engagement.

### **9. SMOCA Advisory Council Report**

**David Itzkowitz**

David reported that the SMOCA Advisory Council had their first meeting of the fiscal year. They are operating with similar duties and processes as before the change from advisory board status and are meeting monthly. Project sub-committees are forming. There are four new members. All members are enthusiastic. Planning is underway for a year of events for the 20<sup>th</sup> anniversary, including a Founders event. A new curator has been hired. Hanh Ho comes to us from Dallas and is a fourth generation Vietnamese American. Programs are being developed to engage local artists and galleries.

### **10. Scottsdale Public Art Advisory Board Report**

**Chris Irish**

Due to the committee's main responsibility as approver of new public art installations pursuant to our contract with the City of Scottsdale, this committee chose to retain its advisory board name. The committee welcomed three new members. Chris provided some dates for upcoming events.

### **11. Friends of The Center Presentation**

**Meribeth Reeves/Abbey Messmer**

Meribeth and Abbey (two of the three Tri-Fecta management team overseeing SCPA) gave a presentation about The Center's activities. Abbey is overseeing the programming team, tech team, and artists services as Programming Director. Meribeth is overseeing financial strategies/budgeting, strategic planning, Friends of the Center advisory committee, the Box Office team, and the retail team as Managing Director. Jamie Prins is overseeing Scottsdale Arts Festival, Guest Services, Food & Beverage, and Front of House as Events Director for all of Scottsdale Arts. SCPA Goals tied to the Strategic Plan include audience development, campus development, and programming. The new structure of the Friends of The Center advisory committee supports recruitment, encourages greater diversity of membership, is more interactive and engaging, and is led by new Chair, Rhonda Anderson. A sub-committee was formed to support dance programming. Meribeth and Abbey shared some upcoming performance dates and the Discover Cuba trip as well as some great news... Scottsdale Arts Festival won multiple IFEA Pinnacle Awards: GOLD – Best Miscellaneous Multimedia for artist process video; GOLD – Best Digital/Social Ad Series; SILVER – Best Newspaper Insert/Supplement; SILVER – Best Children's Programming; and SILVER – Best Miscellaneous Clothing (for baseball shirt). Meribeth and Abbey welcomed board members to provide input on: connecting the organization with potential Cuba delegation members; share feedback they've heard about new collaborations between Scottsdale Arts and other arts organizations; and connect us with retail experts who could help us with detailed analyses and recommendations for a potential re-design of our retail spaces, and/or ideas for increasing foot traffic on non-show days.

**ADJOURNMENT – The meeting was adjourned at 5:31pm.**

Respectfully submitted,  
Kelly Hicks  
Recording Secretary