



MINUTES

ROLL CALL

Trustees

Lewis, Alison, Chair	Present
Robbins, Dennis, Vice Chair & Secretary	Present
Miller, Mike, Treasurer	Absent
Wills, Kathy, Past Chair	Present
Anderson, Rhonda	Present
Appell, Felice	Present
Backlund, Ryan	Absent
Baughman, Tim	Absent
Beverly, Bruce	Present
Beyersdorfer, Jeff	Absent
Biddle, Steve	Absent
Boyle, Peter	Present
Colwell, Allison	Present
Fedewa, Mary	Absent
Haniotis, Suzanne D.	Present
Harman, Kristopher	Present
Itzkowitz, David	Present
Kapner, Peggy	Absent
Lawry, Aletheia	Present

Lyon, Stephanie	Absent
Millon, JP	Present
Roskam, Merle	Present
Schenkein, Jackie	Present
Serena, Christian	Absent
Strieck, Patrick	Proxy
Voris, John	Present

Staff

- Agudelo-Martin, Director of Finance
- Boganey, Kim, Director, Scottsdale Public Art
- Buruato, Cassandra, Executive Assistant to the CEO
- Hicks, Kelly, *Recording Secretary*
- Marsh, Natalie, Director, Scottsdale Arts Learning & Innovation
- McCabe, Jennifer, Director & Chief Curator, SMOCA
- Prins, Jamie, Director of Events
- Reeves, Meribeth, Managing Director, SCPA
- Wuestemann, Gerd, President & CEO

OPEN MEETING

1. Call to Order & Announcements

Alison Lewis

- a. Alison Lewis called the meeting to order at 4:04 p.m.
- b. Public Comments - Alison asked for public comments. **There were no public comments.**

CONSENT AGENDA

2. Motion to Approve Consent Agenda Items

Action

- a. January 28, 2020 Board of Trustees meeting minutes

A motion was made by Aletheia Lawry, and seconded by David Itzkowitz, to approve the consent agenda. Motion passed unanimously.

REGULAR AGENDA

3. Chair’s Report

Alison Lewis

Alison asked Meribeth to share a mission moment with the board – a House Manager’s husband is a veteran. Meribeth requested their feedback on the Veterans tickets program. The House Manager had been questioning whether she should have accepted the position and after attending her first performance, which was one included in the Veterans ticket program, she knew she was in the right place. The Veterans ticket program is a national program offering discounted tickets to Veterans. Great American Title Agency and Tiffany & Bosco sponsor the program through their donation to Thunderbirds Charities which donates \$20,000 per year to Scottsdale Arts as part of their Birdies for Charities fundraiser.

Alison welcomed Gerd to announce that Scottsdale Arts has been nominated to receive a Governor's Arts Award in the Arts & Culture Organization category. Gerd has been invited to join Presenting Sponsors of the event, Billie Jo and Judd Herberger at their table. Scottsdale Arts has purchased two tables for trustees and senior staff to attend.

Alison reported that there were nearly 300,000 visitors to Canal Convergence in November and special VIP Lounge events during the 10-day destination event included: a joint evening for the Scottsdale Area Chamber of Commerce Young Rising Professionals and Scottsdale Arts' young professionals group Avant Garde on Second Street (AG2); a Veteran's Day event with the PTSD Foundation of America; City of Scottsdale Night; Premier Member Night; SRP Night; and a ticketed closing bash, Light Up The Night.

Alison thanked Associate Trustee, AG2 Chair, Peter Boyle for speaking at City Council and presenting value add statistics on Scottsdale Arts. Merle Roskam will speak on March 17th about Scottsdale Arts Learning & Innovation.

Alison reported on recently received donations including: \$155k from the Herbergers for next fiscal year (their usual annual contribution for SMOCA, Canal Convergence, 3 tables at Gala, and Dennis Robbins' board dues); \$50K from Nationwide for this fiscal year (\$10k each for Sunday A'Fair, Cultural Connections, Visions, Canal Convergence, and Stephanie Lyon's board dues). Alison gave kudos to Denise Wisdom, Corporate and Foundation Relations Manager, who secured a discount for Scottsdale Arts ONE members: on March 5th, the Havaianas store in Fashion Square will have a "Shop for a Cause" event to support Scottsdale Arts. As a Scottsdale Arts ONE member, you can show your Scottsdale Arts Membership Card and receive a 10% discount off at the store or you may decide to waive your discount and have 20% of your total purchase go towards Scottsdale Arts programs.

Alison thanked the marketing department for creating a monthly Arts Impact board report. Alison called for better attendance at the Trustee Lunch & Learn sessions and reported that the next session, scheduled for February 6th, would be very special as Mayor Jim Lane, Councilwoman Linda Milhaven, and Scottsdale Arts' contract administrator, Karen Churchard, Director of Tourism & Events for the City of Scottsdale, would be joining Gerd to talk to our board and advisory committee members about Scottsdale Arts' relationship with the City of Scottsdale.

Alison invited trustees to attend the February 13th SMOCA Member preview; called for volunteers for the 50th Anniversary of the Scottsdale Arts Festival; invited trustees to join the Scottsdale Arts table at the March 26th Governors Arts Awards Gala, and noted the dates of the upcoming board meetings: February 28th and March 24th.

Alison thanked Felice for her work on building a marketing committee with industry professionals in public relations, communications and marketing and welcomed interested board members to connect with Felice if interested in serving.

Alison announced that the Mayor will make an official proclamation at the March 3rd City Council meeting to proclaim March as Scottsdale Arts Festival month in recognition of the 50th anniversary. Alison thanked those that attended the special Trustee Lunch & Learn on February 6th to hear Mayor Lane, Councilwoman Milhaven and our management services agreement contract administrator, Karen Churchard, Director of Tourism & Events speak on the relationship Scottsdale Arts has with the City. We have canceled the March Lunch & Learn and anticipate having a welcome meet & greet for the new, yet to be hired, Director of Development at the April 7th session.

Alison reminded the board of the upcoming board retreat scheduled for April 28th from noon – 4pm.

Alison congratulated Dennis Robbins for his induction into Scottsdale's History Hall of Fame class 2020 and welcomed board members to join the Scottsdale Arts table at the awards event on May 7th.

4. Finance Committee Report

Victoria Agudelo-Martin for Mike Miller

Balance Sheet: We are now in the seventh month of this fiscal year and we continue to remain cautiously optimistic. Our Balance Sheet continues to remain in a positive balance. Our total cash and cash equivalents are exceeding our last year's balance by more than \$350,000 and has grown since last month by \$162,000. We have moved as much of our cash into our savings account to earn interest and will continue to monitor the cash needs as the performance season is

in full swing now. Our investment accounts had a very strong gain in the month of December, and we are continuing to retain that gain of \$490,000 through January 2020. The only other major item of note on the Balance Sheet is our deferred revenue. You will notice that we are higher by \$540,000. This is the FPA money that we received from the City of Scottsdale. It is higher due to the increase that we received from the City per the new FPA for fiscal 2020.

Earned Revenue: Our earned revenue is tracking well compared to our budget with a positive variance of \$114,000. Our performances are still tracking at a \$90,000 positive compared to budget with corresponding performance fees at a positive \$8,700 positive position (compared to budget). In looking at our projections, we are estimating that the total performance revenue will drop for the remainder of the year when compared to budget. This is due to cancelled shows, changes in projected shows, etc. However, there are also lower costs associated with this decrease in performance revenue. We are still estimating that on a net basis, the performances will clear approximately \$100,000 in gains. SMOCA continues to see positive attendance numbers. SMOCA is also enjoying a positive variance in admissions of \$9,400. They are tracking much stronger than last year at this same time, which is a good indicator of a strong museum season. The projections for SMOCA are conservative with an overall gain of over \$5,000 for admissions. Facility Rentals continue to be ahead of budget by \$37,000, Food & Beverage are ahead of budget by nearly \$14,000, and Retail Sales are also ahead of budget. Overall projections for earned revenue show a negative \$132,000 which is mainly due to the performances coming in with a different projection when compared to budget for the year. One item of note is the interest income for the year. Please note that this account contains both an accrued amount and an actual received amount. The accrual for interest on the endowments is entered as a negative amount with the interest received entered as a positive amount. The accrual is set by a formula that has been created at the beginning of the year (based on history) of an estimated interest amount. This estimated interest amount is much higher than the actual amount that we are receiving, therefore we are showing a negative amount in this line item. We can discuss this further during our finance committee meeting.

City Revenue: The revenue that we receive from the City of Scottsdale has changed dramatically from last year. The Master Services Agreement (MSA) has several changes that affect how our financial statements compare from this year to last year. We do have an increase of 4% for our general administrative and programming needs. However, the current MSA agreement includes the TDC funding for Canal Convergence. On our financial statements, Canal Convergence is listed as a separate category, therefore those revenues are not included in this section.

Other Operating Costs: We continue to see overall other operating costs having a positive variance. Staff continue to deliver quality programming while closely watching expenses. Major areas of savings can be found in supplies, printing, postage, and utilities as noted in previous months.

Final Thoughts: We continue to be cautiously optimistic for this fiscal year. Our projections estimate that we will be at a positive net that is very close to our annual budget. Our upcoming events include Arts Festival, Culinary Festival, and AJ's Art of Wine event. The Culinary Festival will experience a different model for us this year. We have typically fronted the all the costs associated with this event and been reimbursed at a much later date. This year R Entertainment will be booking and maintaining all the revenue and expenses for this event. Once the event is done, we will then receive 50% of the proceeds. R Entertainment is receiving the \$75,000 of TDC funding and have secured \$130,000 in sponsorships so far. We anticipate that Culinary Festival will become once again a much sought-after event for the community.

5. Governance Committee Report

Dennis Robbins

Dennis reported that Gerd and the governance committee had discussed naming the inaugural board of directors of the Scottsdale Cultural Council as the honorees for this year's Gala (2020): Jim Bruner, Eugene Davis (posthumously), Robert (Sue) Karatz, Nancy Schamadan, and Joe Sparks. Dennis reported that it was suggested Mrs. Laura Grafman be named as an Honorary Trustee of the board.

Dennis reported that the governance committee discussed board participation at meetings and committee members agreed that reports from operating branches should be included in pre-read packet and that only high-level updates from each area should be brought to the table at meetings. The board should be more activated at meetings with discussions such as the growth, mission, and vision of the organization. Work on an overhaul of the strategic plan should

begin prior to the board retreat and the strategic plan should be a working document that can be discussed and reevaluated throughout the year and life of the document.

Dennis reported that the governance committee is revising the trustee self-assessment and plans to distribute it before the end of the fiscal year. A questionnaire to obtain stats for the board expertise grid will also be distributed and will assist in determining missing expertise on the board.

Gerd reported that we are courting potential trustee candidates from APS, Bank of America and Macerich and expect to have most or all open seats filled by September. Alison called for suggestions from the board, specifically to add diversity.

6. Board Retreat/Strategic Planning

Alison opened the discussion by focusing members on two of the five focus areas of the strategic plan: Culture & Identity and Campus Development. Suggestions included:

- In a comparison with other local organizations, determine what will make us known, specific things that will stand out, how do we compete for revenue and audiences, what is the outside dynamic, 30,000 ft view.
- Showcase impact statements from volunteers, students, veterans, adult education programs with video vignettes and testimonials. Our culture is who we serve, make it come alive. Third party references make an impact on companies, City Council, potential patrons. Why did you give? Interview Sunday A'Fair attendees, Wall of Quotes, digital representations in atrium.
- Scottsdale Arts needs brand identity. Branches are noticed and are amazing. Increase PR of SA brand. Place "Did you know" bookmarks in playbooks, in libraries. Get the data and information out there.
- Create consistent snappy tagline with strategic intent that captures all branches. Determine how to communicate it. Consider each person's entry point, does strategy link to that entry point?
- This needs to be a destination. Get people to campus. Use empty spaces nearby to activate. Advertise on Main St. Have kids decorate empty spaces on campus. Ballet has huge posters. Museum needs a café.
- Hold more family events on campus, improve garage entrance to campus, increase sense of security.
- Determine what we want culture to be. Do SWOT analysis to help board participate.
- How do we get to the point where people ask, "What's happening at Scottsdale Arts?"
- Create user friendly spaces. Provide places to sit. Visuals are important. Campus was empty.
- How serious is the City about building an arts center? They have to be engaged. How do we convey our value to the City? Make that part of the strategic plan.
- Since 1997, the question has been, "Where is this place?". We need signage, lights, Experience Scottsdale blimp, more advertising. Leverage relationship with the City. Look at how others are advertising.
- There's no music to draw people, no art to view. Searchlights? There's nothing here.
- We need to cultivate young people to survive.
- Find the thread.

Gerd thanked the board for their ideas and remarked:

- We are developing more centers of excellence.
- Video vignettes are perfect, however will take staff time.
- Brand identity for Scottsdale Arts is important. Proctor & Gamble Superbowl ad is a great example of how to bring the umbrella brand to the forefront. Marketing is currently working on branding and has already begun designing bookmarks.
- A study of the 5 boroughs in New York found that only 1% of residents knew about MOMA. We need to understand the role we play as an arts organization and the awareness people have of the arts.
- The bond will be instrumental in creating gateways and wayfinding. The campus should be the beating heart of the arts district. We need a shaded outdoor theater to hold more Sunday A'Fair events for families.
- A capital campaign will be necessary to complete and upkeep facilities.
- There is a difference between value and worth. How committed is the City to the value.

The board questions how to cover all this in four hours during the retreat? Brainstorming or corporate strategy session? We must consider what do we wish to accomplish?

7. CEO Report

Gerd Wuestemann

Gerd reported that \$200k was raised for Culinary event on April 18th and all expenses are covered. Arts Festival has brought in \$20k in sponsorships. Volunteers are needed for membership tables and tents. The management services agreement with the City is being finalized. The annual financial participation agreement includes a 2% raise. There are two Director of Development finalists and will make an offer by the end of the week.

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

Respectfully submitted,
Kelly Hicks
Recording Secretary