

**Minutes of Public Meeting of the
Board of Directors of the
Arizona Historical Society
Friday, June 18, 2021**

1. **Call to Order** – President Linda Whitaker. 12:02 p.m.
2. **Roll Call** – Recording Secretary – James Burns (for Bruce Gwynn)

Linda Whitaker, Linda Elliott-Nelson, Tom Foster, Janice Bryson, Colleen Byron, Jim Snitzer, Robert Ballard, Sharon Holnback, Vance Bryce, Ileen Snoddy, Rick Powers, DeNise Bauer, Wynne Brown, Valerie Welsh-Tahbo (Deborah Bateman joined at 1:12 p.m.)

Board members absent: Kelly Corsette, Bruce Gwynn, Sherry Rampy, Tom Rose, Greg Scott

Staff members present: David Turpie, James Burns, Trish Norman, Mel Davis, Kim Bittrich, Bill Ponder, Rebekah Tabah-Percival, Marilyn Murphy, Yanna Kruse,

3. **Welcome and Introductions** – New board members or guest

Consensus to move to action items first while we have a quorum. (All votes were taken with a quorum).

4. Discussion and action, if any, to **approve the draft Minutes** of the April 16, 2021, Board of Directors meeting.

Bryson – Requested a correction to show her name as a board member present. She advised that she had not received any notification from the Governor’s office that she is no longer on the board. Meanwhile, she will receive the appropriate notices/invitations for Board and Committee meetings.

Foster – Requested a correction to reflect that the Outreach Committee did not meet to discuss the Eastern Chapter grant funds. Instead, Foster worked with staff (Downs, Bittrich, and Gonzales).

Elliott-Nelson moved that the minutes be accepted; seconded by Powers. All voted in favor of approving the minutes with the changes discussed above.

5. **Call to the Public** – Consideration and discussion of comments from the public. Members of the public wishing to address the Board should identify their interest at this time via the chat box. Those wishing to address an item on the agenda will be called upon when that item is being discussed and given up to five minutes. Those wishing to address an item not on the agenda will be allowed up to three minutes. Such items may not be discussed by the Board but may be directed to Staff for study and consideration at a later date.

Whitaker recognized guests Catherine Shumard and Susan Dale. Neither wished to comment.

6. **Summary of Current Events** – Brief summary of current events by the Board Chair, pursuant to A.R.S. § 38-431.02(K). The Board will not discuss, or act on, any current event summary. – Whitaker

No report at this time.

7. **Executive Director Summary** – Annual “state of AHS” end of fiscal year report – Burns

State of AHS June 2021

Finances

We do not know yet what AHS’ state allocation might be as the legislature has not been able to reach consensus on a budget for the next fiscal year. More polarized than ever, the pathway to a deal is narrow. If an agreement is not reached, the other alternative is a skinny budget, like last year. In that budget, AHS sustained about a 1% budget cut.

During the pandemic and recession AHS has developed some new earned income streams and further developed existing earned income streams. But, the bulk of our earned income sources remains well below pre-pandemic levels, and is projected to remain there for at least another 6 months.

We are experiencing a notable trend in membership. Peer organizations have seen 25-35% membership decreases during the pandemic. AHS’ membership has been relatively steady – up or down 1%. The past two months’ we have seen increases. Further, members are increasing their level of participation, whether it be from individual to family, or from sustaining to director’s circle. These increases are resulting in an increase in overall membership dollars far greater than the 1% increase in overall member numbers. Let this sink in – without a campaign specifically dedicated to asking members to increase their levels, in the past year members have consistently been doing so. Many have cited the programming that AHS has been doing, the quality of the Journal of Arizona History, or the recent exhibitions.

The burn rate continues to decline, now down to about \$5,000 annually. But, there are three payrolls in June, which may accelerate the rate in June. Revenue continues to increase though, so it is possible we will end the fiscal year with close to a balanced budget.

Staffing

AHS continues to attract ambitious and talented museum professionals to its staff, but the long-term viability of serving as a training ground for rising stars in the field is questionable. The primary reason for dissatisfaction remains the well-below-market-rate salaries. As a

result, the agency will continue to see a staff turnover rate above average. Wage stagnation and understaffing remain acute challenges for the agency. The impacts are felt in every facet of the organization. Additionally, between ¼ and 1/3 of the current staff is eligible for retirement or early retirement within the next two years.

Accreditation

The American Alliance of Museums' Accreditation Commission will meet on June 18 to review AHS' reaccreditation materials and the reviewers' report and recommendations. The decision of the commission will not be communicated until the latter half of July.

Sunset Review

AHS continues to prepare for the upcoming sunset review and performance audit, which will be conducted this time by committees of review in the State House and State Senate. The majority of the findings from the 2013 review have been addressed. Outstanding findings include: defining the roles and responsibilities of chapter boards, establishing appropriate financial oversight of organizations raising funds for AHS, hiring a development director, and addressing collections management practices. The Board and staff are presently addressing all of those findings.

Fundraising / Capital Campaign

AHS has contracted with the Friends of AHS and subcontractor, Phoenix Philanthropy Group, to conduct a fundraising feasibility study, with a projected completion date of November 2021. Documentation has been provided, and the materials are under review; staff members have been interviewed; a database of prospective donors is being created for interviews.

Early observations include rampant donor confusion, largely due to multiple competing 501(c)(3) organizations raising funds in the name of the Arizona Historical Society, and overall lack of identified donor prospects, inaccurate data, a lack of financial and human resources for fundraising, the need for a high-functioning 501(c)(3) that can steward funds and follow FASB rules, and the lack of investment, naming rights, donor recognition, gift acceptance, and sponsorship policies for Friends of AHS.

A commitment to unifying and centralizing fundraising efforts would greatly aid a statewide campaign. Existing data needs to be mined for prospects, and new prospects must be cultivated. Market research is vital to understanding the needs of current and potential audiences.

The Future of AHS

A year ago, shortly after the pandemic began, I presented recommendations, which new board members probably have not seen.

Strategies for Financial Survival Short-term (through September 2020)

Use all existing tools and new strategies to stem our financial losses – which we did. The Sosa Carrillo House, the Charles O. Brown House, the Douglas Williams House and the Strawberry Schoolhouse are all excellent models for AHS to use in managing its other properties. These remain good models.

AHS has various types of operating agreements with agencies and organizations at the state, county, and city/town levels as well as with universities that serve as good models for partnerships. This is still true.

Divestiture of non-owned sites/properties. We accomplished this last Fall at an annual savings of over \$100,00 annually.

Enter into IGA's, MOU's, or leases with partner organizations to operate more of AHS' owned sites. This is still a possibility.

Develop and pilot test possible new revenue streams.

Apply for all sources of grants and stimulus funding AHS is eligible for.

Plan for possible temporary or permanent allocation cut.

Strategies for Financial Survival

Mid-term (October 2020 – March 2021)

Reallocate resources to support new mission-driven initiatives. We have been in austerity mode for more than a year, but mission fulfillment has been strong.

Reallocate resources to collections care to address remaining sunset review findings. AHS has hired another registrar, who will begin on July 12, 2021.

Launch new digital initiatives. AHS has done this, and audiences have responded, with increased memberships as a result.

Strategies for Financial Survival

Long-term (April 2021 – December 2021)

Increase earned income streams to grow the organization's mission-driven activities in a new footprint. Earned income streams are rebounding now, and we hope they will return to pre-pandemic levels by the end of the calendar year.

Focus fundraising efforts utilizing Friends of AHS Inc. We have tried to do so to the best of our abilities.

Engage a respected and successful fundraising consultant. FAHS and PHX Philanthropy Group was hired to conduct the capital campaign.

Really Long-term

Encourage learning from the successes of high performing not-for-profits who are rapidly and radically adapting their business models, examining and altering their practices to be more relevant, and developing a work environment that fosters retention. The feasibility study will inform the future of AHS fundraising efforts.

Elliott-Nelson noted that AHS is doing a lot of proactive things and they are reaping rewards. She is seeing positive action that mirrors organizations that are in good shape as they pull out of the pandemic.

Several board members congratulated Burns on his leadership and the staff contributions to achieve these successes.

Snitzer - People feel passionately about history. Acknowledging that some of the changes came at the expense of great agony for the staff who were implementing these changes.

Whitaker – Some people do “love history to death.” AHS has been put to the test in the past few years over the changes.

8. Executive Director’s Evaluation – Explanation of annual review process – Ballard

Ballard has been asked by Whitaker to organize the Executive Director’s annual review. The Board updated the process last year. The same process as last year will be used. The Board is being asked for observations, constructive criticisms, recognition, and other pertinent remarks. The review will be conducted by the Executive Committee. A final report will be presented to the Board. They will be paying attention to the circumstances of the last year. An evaluation tool will be sent to the Executive Committee, including some categories, the SMAART objectives from last year, and a couple of job descriptions. The full board will receive the evaluation tool and may comment as they feel comfortable. The director will also fill out the evaluation. The deadline to return everything will be July 16. The compiled data will go the Executive Committee first. The committee hopes that news on the AAM accreditation will be available. Also hoping for results of this year’s employee satisfaction survey. Whitaker asked Burns if that would be available. He responded that it would be ready prior to the July special board meeting.

9. Sunset Review and Performance Audit - Update and discussion regarding status of sunset review. – Whitaker

Covered during Executive Director’s report.

10. AHS Board Health

- a. Status of appointments (board composition, transitional guidelines, implementation, transparency, and status. – Whitaker No changes expected in June.
- b. Status of committees (updated list) – Whitaker No changes expected in June.

11. Treasurer’s Report. – Jim Snitzer, Bill Ponder, Kim Bittrich

- a. Review of May 2021 financial statements and presentation of financial overview and ‘Feel the Burn’

Snitzer presented the financials and asked the Board to provide feedback about the new draft pie charts and bar graphs intended to better present the monthly financials.

AHS Staff has done an amazing job of coping with the COVID-19 pandemic and the resulting financial crisis. Drastic cost reductions were implemented across the board, including staff vacancies. In recent months, Staff actions have restored a portion of the missing revenue, with more to come.

When we started calculating the burn rate in September of 2020, it was (\$666,697). At that rate, shutdown or other drastic action would have been called for at the end of Fiscal year 2022.

The most recent forecast shows that the burn has been almost fully controlled and we are operating close to break-even. Importantly, we can expect more good news on the revenue front as conditions continue to return to normal, and as we start implementing fund raising actions that are under development.

It is now time to consider some necessary actions. Operations are highly strained at the current level and nobody knows how long we can continue like this. And, with the reduced staffing, we are unable to fully accomplish our mission and serve our visitors as those visitors continue to climb back to pre-pandemic levels. It is time to look at investing in ourselves - specifically by filling critical open positions and planning to provide long-delayed salary increases to the Staff that has pulled AHS through this crisis.

Welsh-Tabho asked how the financials are audited. Ponder responded that all numbers are uploaded to the State accounting system. AHS is part of the Arizona Single Audit Act. The accounting office sends out data requests on an intentionally irregular basis to test our systems and recordkeeping. Periodically a team is sent in to review various aspects of the accounting practices and the numbers.

- b. **Action Item:** Discuss and approve recommendation by Finance Committee motion to approve a Gift Acceptance Policy as presented.

Whitaker observed that the recommended policy has been vetted by experts on the Finance Committee. A task force of the Finance Committee members wrote the document. The Finance Committee unanimously recommended the policy for approval by the full board. The policy incorporates a number of safeguards that the organization really needs. Elliott-Nelson moved to approve; Byron seconded. **The policy was unanimously approved and will be incorporated into the board policy manual.**

- c. **Action Item:** Discuss and approve recommendation by Finance Committee to authorize the Executive Director of AHS to hire a Development Director using

some of the funds the Board restricted in Fall 2020 for fundraising purposes to pay the salary of a Development Director for at least the next year.

This recommendation addresses a sunset review finding from 2013. Also, the feasibility study that is underway will be recommending that AHS hire a development director. The source of the funds would be the bequest left to AHS that the board set aside for the purposes of fundraising at the October 2020 board meeting. Holnback asked how much it would cost to hire a development director. Burns replied that our competition is in the higher education system and that those salaries seem to be on the low end just over \$100,000 – plus 45% for ERE. Will there be a requirement that this person at least cover their salary? Burns responded that that is ethically not a best practice per the organization of certified fundraising professionals. Byron clarified that at the 1-year period, the Development Director would be reviewed to determine how effective her/his efforts have been, and that they would be renewed or not accordingly. Snoddy asked if there is a plan the Development Director will be working on. Ponder responded that the Development Director would be working in tandem with the folks working on the feasibility study to do the things needed to launch the capital campaign. Whitaker asked if there would be a detailed job description. Burns responded: yes, all state employees have a job description. No motion needed as this was a recommendation from a committee. **All present voted in favor of approving the recommendation.**

12. Action Item Recommendation by the Governance Committee: Discussion and vote on items recommended by the Governance Committee from two May 2021 meetings

Discussion and action to approve recommendation for change to policy manual:

Veteran's Admission Policy

Recommendation to the full board that the current policy relating to Veteran's admission policy be changed and that the Society should provide discounted general admission to active duty military members and veterans equal to the discounted rate provided for seniors. The definition of veteran, per the Veterans Administration, is "a person who served in the active military, naval, or air service and who was discharged or released under conditions other than dishonorable."

Previous policy was for completely free; this policy is for discounted admission. It includes active duty military as well as veterans. Brown made a motion to approve the policy as presented; Byron seconded. **All presented voted in favor of approving.** The Board Policy Manual will be updated accordingly.

13. Committee Reports

- a. Community Outreach Committee Report – Foster

In July, the committee will be looking at grant reports and grant requests. Five applications were received for Eastern Chapter mini-grants. Four of those were rewarded: Gila County Historical Society, Superior Historical Society, Greenlee Historical Society, and Pleasant Valley Historical Society, totaling \$3,457. A lot of the requests were IT, equipment, or signage-related. Funds were also expended to repair broken windows at the Strawberry Schoolhouse; the remaining \$182 will be used for some other small issues at the same site. All funds have been expended.

Whitaker asked how the chapters are doing at spending down their funds. Central Chapter has expended all dollars.

Rio Colorado has allocated funds for window tinting to protect artifacts and remodeling one of the restrooms to make it accessible. Projects cannot be completed by the end of the fiscal year due to the contractor's availability. The project will be completed in the new fiscal year. All funds will be expended.

Southern Chapter approved gutters for the Otero Porch, got a new HEPA vacuum for collections, vinyl cutter for exhibitions, exhibition cases, and a civil engineering report on the AZ History Museum courtyard, which sits on the roof of the basement. Not all funds have been expended. Whitaker asked what the remainder is? Are we prepared to revert the funds if they are not expended? Ponder: yes; the funds will revert to the general fund for the agency. The chapter board is considering a letter with a request for expenditures of the funds in the future. They understand that it is a request and there is no guarantee.

Northern Chapter has spent some of the money doing tree trimming. They worked with a vendor to replace outdated fire hoses and fixtures for fire suppression and protection systems. They are also purchasing seed packets for their garden. It is uncertain whether all of the funds have been expended.

b. Library, Archives, and Collections Committee Report – Scott

Action Item: Approve committee recommendations for deaccessions.

Scott was not present, so updates were provided by Tabah-Percival, Burns, and Ponder. With assistance from the facilities team, and some movers for the really heavy items, collections staff has gotten the remaining objects out of Fort Lowell and the Downtown History Museum. The keys have been turned over to the respective owners of those properties.

The committee made recommendations to deaccession the items included in the PowerPoint presentation circulated as part of the attachments prior to the meeting. Snoddy asked about the Smurthwaite Estate; could these items be offered to the Pioneer Cemetery Association? Tabah-Percival responded yes, we

would reach out to them first. We have to work within procurement rules when determining final disposition. Bryce moved to approve all recommended deaccessions; Byron seconded. **All present voted in favor of approving the committee's recommendations as presented.**

- c. Property and Buildings Committee Report – Rose not present. Updates provided by Ponder and Burns.

Gonzales has been working with the collections and exhibitions team to get Fort Lowell and the Downtown History Museum closed and the keys turned over. Parks has awarded AHS a \$70,000 grant to upgrade the trails at the Pioneer Museum. There is a meeting coming up next Wednesday.

14. Announcements and other matters for consideration in future board or committee meetings.

2021 AHS Board meetings:

July 12, 2021 (Special) – Virtual

August 20, 2021 – Virtual

September 24, 2021 (Special) - Virtual

October 15, 2021 – Virtual

December 17, 2021 – Virtual

2021 AHS Executive Committee meetings:

Monday, June 28, 2021

Monday, July 26, 2021

Monday, August 23, 2021

Monday, September 27, 2021

Monday, October 25, 2021

Monday, November 22, 2021

Monday, December 27, 2021 (tentative)

Adjournment at 1:35 p.m.

Dated this 15th day of June 2021

Arizona Historical Society



Linda Whitaker, Board President

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