

HISTORY COLORADO
MINUTES OF A MEETING OF THE BOARD OF DIRECTORS
September 10, 2015

A meeting of the Colorado Historical Society (History Colorado) Board of Directors was held at 8:00 a.m. at the History Colorado Center on September 10, 2015. Present were directors, Cathey Finlon, Ken Lund, Rick Pederson, Robert Musgraves, Ann Pritzlaff, Tamara Ward, and Charlie Woolley. Staff attending were Ashleigh Hampf, Sherry Lestina, Ed Nichols, Steve Turner, and Michelle Zale.

Ann Pritzlaff, Chair of the Board, called the meeting to order at 8:05 a.m. and confirmed the presence of a quorum. Ashleigh Hampf served as recording secretary.

Personnel Updates

Musgraves reported there were eleven early retirements. There were also approximately 3,500 furlough hours, which amounts to about 1½ staff positions. Musgraves provided a spreadsheet with expenses which included a rollup of staff on payroll (Exhibit A). The budgets are reflections of the Solutions Task Force. Musgraves discussed the sheet and noted that the Solutions Task Force revenue recommendations were not included. With current staff, HC is looking at a \$1.2 million deficit for this year. Pederson asked if the sheet included replacing any staff. Zale replied no. Finlon asked if the sheet only included History Colorado Center (HCC) Museum Operations. Finlon stated that another way to think about the museum operations is \$5.2 million with \$3 million for the Certificates of Participation (COP) payment. Finlon is investigating ways to scale HCC's financial impact on the organization. Woolley asked if the gaming fund is fixed. Musgraves said no, but the total on the sheet reflects what HC will actually receive this year.

Musgraves referred to the chart labeled Salaries (Exhibit B). If HC wants to break even this year, staffing would need to be reduced by twenty people. Musgraves asked if the Board should make cuts across the organization or should the Board make these cuts strategically? The Board could ask Division Directors to decide on reductions. However, in some cases, HC needs to maintain positions that are revenue generators. Also, reducing the staff by twenty might be a detriment to the organization. The Board could maintain the hiring freeze which would achieve reduction through attrition.

Finlon discussed revenue generation. The Board needs to create a structure to reach the revenue and reduction goals. Turner said it will take time to get to a more effective organization. He asked if the Board should make meaningful cuts now to achieve financial stability. Finlon said no, it is best to look at the organizational structure to attain success. It is a management decision. Cuts across the board will not work in a small organization. Lund asked if HC continues to spend the same way, when the organization will run out of reserves. Musgraves said there is \$4.5 million in the fund balance, so HC would have three or four years. Finlon said it would be best to do a

structural change to overcome the deficient through membership, donor, and exhibitions.

Pederson responded that while the sheet reflected staff currently employed, this is not HC's baseline, as the organization will still need a CEO. Pederson recommended making most staff reductions now to avoid needing to make additional staff reductions in the future, which would cause further distress. Musgraves said that reducing the organization by ten employees is possible, fifteen or twenty employees will be difficult. Pederson requested a list to understand how reducing ten to twenty people would impact on the organization. Lund agreed and said the Board needs to look at incremental impact to see the risk. Nichols stated the Board needs to evaluate goals and revenue positions. Nichols asked about looking at Community Museum positions? Pritzlaff said the Community Museums typically have one to two staff members so the Board cannot cut those positions. Ward agreed and said improving HC's relationship with the Community Museums would benefit the organization as senators are in close proximity to those properties.

Finlon stated she wants HC to be recognized as having the best Membership and Development departments that the organization can afford. Finlon expressed concern about making significant cuts that will hinder the organization in regaining financial stability. Pritzlaff commented that if the Board looks at the exhibits last year, there were no major donors. Pederson asked if there could be further cuts to operations rather than personnel. Pritzlaff said she received a suggestion to lease out the 4th floor. The Board discussed Lowry and North Storage. Pederson asked Turner to explain more about Lowry storage. Turner said HC has a collection space in Lowry. While it is sitting empty, HC will need money to reopen it, which will be around \$500,000. Denver Museum of Nature and Science and the Denver Art Museum have approached HC about the space. Finlon asked if we could sell it. Ed said it would be difficult as Lowry storage was given to HC by the Air Force. Pederson said this is something we need to discuss further. The Board should consider spaces that could be leased or sold to save staff positions. Pritzlaff asked if there were any other places that could produce revenue. Woolley responded that the Pearce McAllister Cottage is a place to consider. The property is in bad shape due to deferred maintenance. Pederson asked if a staff member in Facilities could make a list of underutilized spaces.

Musgraves asked if he should meet with department heads to develop the list of twenty staff. Finlon said it would be best if Turner and Musgraves created the list before going to Division Directors. Pederson suggested making thirty staff reductions in order to backfill necessary positions. Reducing the staff by twenty people is below target as positions like the CEO still need to be filled. Ward commented that the Board needs to consider revenue generation beyond staff reductions. Pederson said it is best to consider significant staff reductions so the Board does not need to make reductions in the future. A Board meeting was set for Monday, September 14 at 4:00 to discuss staffing reductions and budget cuts. Ward stated that the Board needs to be prepared for media inquiries. Pritzlaff said there were some previous departmental

recommendations on staff reductions. Pederson recommended looking at an org chart to see if there were duplications of job duties (Exhibit C). Musgraves noted that while HC will achieve reductions through the hiring freeze, the process of staff reductions might accelerate attrition. Ward recommended making staff reductions verbally rather than electronically as emails can be used by the media.

Items Identified by the Solutions Task Force

Turner stated that he has been working with Musgraves on implementing items from the Solutions Task Force. Division Directors will receive budgets to track, and will be held accountable to stay within their budget. The KM contract is more complicated than Musgraves and Turner originally thought. The contract is renewed every two years, however, negotiations are ongoing. Turner asked for the Board help in reworking the contract. For example, HC pays \$130,000 for front desk support. During much of the school year, there is no need to have two people at the front desk. Pederson asked if we can repurpose HC's FTEs to fill in for KM. Turner said they are working on figuring that out. Musgraves said a difficult part of the contract is that no one really owns it since multiple staff members are involved in the contract in different ways. Finlon suggested Andy Stine with a Board member might be a good way to manage the contract. Turner said the JBC RFI asked how HC is meeting issues identified in the last audit. Lund and Pederson offered to look at the draft response to the JBC.

CEO Search

Pritzlaff reported that the CEO Search Committee met twice with the goal to identify the key characteristics, vision, salary ranges, and job duties. There is more discussion to come. Finlon said she received the AAM salary survey for Directors by region and institutional size. Pritzlaff has an appointment with Doug Friednash to discuss what the Board is imagining for the next CEO. Woolley said a better understanding the organizational structure will be helpful in defining the CEO search.

Directors Council and CHF Board

Ward said she had coffee with Frank Kugeler. Kugeler provided some background on the Colorado Historical Foundation (CHF) Board and noted that they serve as a fiscal agent like Denver Foundation. CHF has other relationships in the community including historic easements. HC has utilized CHF for exhibits and historic projects. CHF worked on the Make History Colorado Campaign which still has money. The CHF Board see themselves as independent. However, CHF is willing to strengthen their presence.

Pritzlaff noted that CHF is working on a Strategic Plan. They are looking at past, present and future needs of the Foundation. Finlon asked if CHF acts as a fundraising arm or has goals to grow the endowment. Ed said they used to. Pritzlaff said CHF did project base fundraising in the past like buying Georgetown Loop Rail Road and Byers-Evans House. Pritzlaff recommended that the HC and CHF Boards meet and explain HC's

needs. Woolley suggested not creating another foundation. Nichols agreed and noted the Board should outline their requirements and see how the CHF Board wants to fit into it. Finlon said it would be good to have Steve Winesett from the Children's Hospital Colorado Foundation provide insight on how the Board should proceed. Ward mentioned John Moyer had tried to build an LLC for HC; however, it was shut down at the time. Ward asked should the Board pursue an LLC, build another foundation, or use HC's current Foundation. Ward said she would be very happy to carry the message forward at the next CHF meeting.

Ward worked to define the Foundation's role and the Directors Council structure. On September 24th, the HC Board will meet with some members of the Foundation Board. Turner asked if HC Board needs to provide an update to people interested in the Directors Council. Pritzlaff said Jennifer Adams had the list of former Board members who had expressed interest in the Directors Council. Finlon asked if HC has enough staff to maintain committees. Activating these committees, without staff directing them, might make committee members feel discouraged. Musgraves agreed and commented that the Board should be selective and only start certain committees. Turner will look at committees that are needed and make a recommendation.

Communication

Finlon has been involved in the communications plan and the Board determined there needs to be a focus on HC's core constituents including staff, donors, and partners. Turner said he has received media requests from Ray Rinaldi who wants to know what is happening at HC next. Staff is holding him off until the Board and Leadership have answers. Staff is focused on giving information to HC's immediate partners so they can spread the word to other organizations. If there is going to be more downsizing. Lund recommended making strategic and significant cuts now so that the Board can tell the remaining staff that there will be no more downsizing. Ward said staff layoffs should be completed by Ed's retirement party on October 21st. Then the Board can discuss the future at that meeting.

Finances, Exhibits, and Community Museums

Turner noted there was an ad hoc exhibits meeting. *Searching for Home* opens in October. Beyond that, there is no plan for upcoming exhibits. Turner recommended that there should be a focus on future exhibits that utilize Colorado history and showcase the collection. There will be a couple pop up exhibits. During Christmas, HC will have pop up exhibits to bring out iconic collections items for the public to view. Woolley suggested that operating dollars may be acquired by articulating the Board's financial plan to the State Government. The budget needs to be submitted to the Governor by the first week of November. Lund said the Board needs to get this into the Governor's initial request. Finlon agreed and noted HC needs exhibition money. Turner said the Board needs to look at the Community Museums as a package. Turner suggested the possibility of a onetime cash front to reinvent the Community Museums. There is an immediate need

for Ute. Lund said that while onetime cash front would improve the Community Museums, continuous funding would be better. Henry Sobanet is underway with submitting the budget in November. Ward recommended creating a floor on the gaming funds so the Board knows HC's financial baseline going forward. Pederson questioned the likelihood of the JBC creating a floor for HC's gaming funds. Ward said that might be the case but the Board should ask.

Pritzlaff said the previous Board received strong messages regarding the Community Museums. Last year, the Task Force determined the Community Museums need exhibits and to know that HC's leadership is paying attention to them. Lund expressed concern that asking for money for the Community Museums is not a good idea because currently the museums do not produce revenue. Turner replied the Community Museums are hampered due to the lack of staffing. The Molly Brown House makes more revenue because three or four people run it. Generally, the Community Museums only have one or two people running the sites. Lund said we need to figure out where the big return on investment is. The Board cannot commit to the Community Museums when revenue is uncertain. Turner asked if request are onetime asks or can HC go back next year with a larger request? Lund said yes, HC can go back with larger requests. However, the Board needs to maintain high credibility and show HC's finances are in order. The Board needs to show the Governor's Office that hard choices were made and the Board is not throwing money at the problem.

ADJOURNMENT

There being no further business to come before the Board of Directors, the meeting was adjourned at 9:45 a.m.

NEXT MEETINGS

The 2015 meetings are held every week on Tuesdays or Thursdays from 8:00-10:00 a.m. in the Berger-Nichols Classroom. Upcoming dates September 24 and September 29.

Respectfully submitted,

Ashleigh Hampf
Executive Assistant