

Indiana State Museum and Historic Sites

Regular meeting of the Board of Directors

March 6, 2019

Board members present: William Browne Jr., board chair; Steve Anderson; Melissa Caito; Greg Pemberton, past chair; and Judy Singleton. *Via phone:* Andrew Briggs, treasurer; Nancy Jordan; Mac Parker; Kathy Roudebush; Alice Schloss; Roland Shelton; Gregg Summerville; and Liz Witte, secretary.

Others present: Cathy Ferree, CEO and president; Susannah Koerber, chief curator and research officer; Kate Brownlee, chief development officer; Krishna Heyward, chief financial officer; Amy Ahlersmeyer, chief marketing officer; and Charlie Shock, executive assistant.

The regular meeting of the Board of Directors was called to order at 12:33 p.m.

Consent agenda

Gregory Pemberton made a motion to approve the consent agenda. The motion was seconded by Steve Anderson. The motion was unanimously approved.

Finance

Krishna Heyward presented the finance report to the board. The balance sheet for the Indiana State Museum and Historic Sites showed a cash balance of about \$5.3 million less than prior year, but she noted that the system moved \$4 million from Lake City Foundation checking account to the Old National Bank wealth management account. The investments show an increase of a little more than \$3.8 million. Approximately \$400,000 will be reimbursed from the state for preventive maintenance and other capital expenses.

Overall, the total assets show a difference of \$1.7 million from prior year with most changed due to capital campaign pledges and contributions.

The balance sheet also showed total liabilities and net assets are down by approximately \$1.7 million.

The income statement showed operating revenue up \$200,000 over last year, but just slightly less than the YTD budget. So far, grants and sponsorships are running approximately \$55,000 under budget, but the total operating revenue is basically on target.

The income statement also showed temp. restricted funds are up \$600,000 over the prior year, but the funds are about \$1.1 million under the YTD budget. Krishna Heyward noted the actuals are lower than the budget because of delays in the T.C. Steele State Historic Site visitor center. Because of the delay in the T.C. Steele project, the museum system will be receiving gifts from the donors as the project moves forward.

So far, 66 percent of the YTD revenue has come from state appropriations, 15 percent from earned income, 9 percent from PM funds, 8 percent from developed revenue and 3 percent from CRR funds.

A breakdown showed 32 percent of YTD expenses have been for exhibitions, curators and collections while 31 percent went to temp restricted expenses. Another 16 percent of expenses have been spend on

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operations and programming, 9 percent on administration, 7 percent on marketing, 4 percent on development and 1 percent on cost of goods sold.

Greg Pemberton made a motion to approve the finance report, and Judy Singleton seconded the motion. The motion was unanimously approved.

GSP Bequest Investment

Cathy Ferree presented information about a bequest investment to the board. She noted that the system never knows who a donor might be, but thanks to the amazing work from front-line staff at Gene Stratton-Porter State Historic Site, an Indiana native who moved to Illinois left \$600,000 in her will to be used for the Gene Stratton-Porter and Limberlost state historic sites. Cathy Ferree mentioned the woman loved Gene Stratton-Porter's story and that the money could count toward the state match.

Krishna Heyward noted the recommendation from the investment committee is the \$600,000 will be invested in the endowment, and money will be used for operation and capital needs as requested by the trustees. 4% of the average market value of the bequest over the preceding 12 quarters will be distributed annually to cover operational and capital needs at the Gene Stratton-Porter and Limberlost State Historic Sites. The distribution determination will be made at the end of the 3rd quarter of the fiscal year (March 31st).

Steve Anderson made a motion to accept the bequest, and Melissa Caito seconded the motion. The motion was unanimously approved.

President's Report

Cathy Ferree presented the dashboard to board members. The dashboard showed the Indiana State Museum and Historic Sites is ahead of the game on paid museum attendance. She noted the vice president of visitor services also updated the way we count school groups to reflect a more accurate number. The Indiana State Museum and Historic Sites moved into a new system, and the switch was apparently more difficult than expected in terms of transitioning numbers. February should be about 1,000 visitors behind the expected total when it comes to school groups, and we feel good about this number. The other reported numbers were too bad to be true, and a deeper look at the numbers showed that something indeed was inaccurate.

Cathy Ferree noted member visits show an increase well over last year and budget for this year. Membership households are up year over year, and Color of Style also will be a great kick for memberships. She also noted membership manager Carrie Miller did not discount memberships during the timeframe they were discounted last year, and more memberships were sold at the regular price than when the discount was offered. This showed visitors are willing to pay full price for memberships. Cathy Ferree noted membership retention rates a little lower than expected, but the membership team is looking into it.

Cathy Ferree provided an update on the T.C. Steele visitor center construction. She noted the new construction team is really getting to work and moving forward with the project. Limestone walls are currently being completed, and the septic tank is in place as of yesterday. Crews have completed all drywall work, and there is a completion date of May 18. The donors have requested holding off on an

opening date until a little closer to the completion date, but they're thrilled with the progress. The visitor center project is on budget at this point.

Cathy Ferree briefly discussed a bill about the James Whitcomb Riley home that had been moving through the General Assembly. The bill, put forth by Senator Merritt, has become a moot point. The bill stated the Indiana State Museum and Historic Sites "shall" go into conversation with the Riley home, but the bill has died and is no longer an issue. Cathy Ferree noted the Indiana State Museum and Historic Sites will circle back with the Riley home, but the Indiana State Museum and Historic Sites aren't looking to accept another historic site into the system in the Indianapolis area.

Cathy Ferree announced a major gift from the State of Indiana Family and Social Services Administration. A letter from the FSSA pledged \$500,000 to support the addiction/recovery project. The development and execution of that experience is continuing, and the experience will open in 2020. The experience will run for a full year due to the grant.

Accreditation Update

Susannah Koerber provided an update to the American Alliance of Museums reaccreditation process. The Indiana State Museum was initially accredited in 1976, and three other locations within the Indiana State Museum and Historic Sites system were added in 1988. The most recent reaccreditation process was in 2004. During this accreditation process, the Indiana State Museum and Historic Sites hopes to add Levi and Catharine Coffin, Culbertson Mansion and Limberlost state historic sites to the accredited list.

Susannah Koerber noted the American Alliance of Museums redesigned the accreditation program this year.

Accreditation lets others know that the Indiana State Museum and Historic Sites is at the top of its field and continue to strive to better the museum experience and collections management.

The accreditation process looks at how well the museum achieves mission and goals, and decides whether or not the museum meets standards and best practices.

Accreditation benefits the Indiana State Museum and Historic Sites with national recognition that the museum meets the highest standards in the field and that Indiana State Museum and Historic Sites follows the established best practices set forth by the American Alliance of Museums. The reputation as an accredited museum also helps to secure artifact loans and traveling exhibitions, plus helps to build relationships with national peers. The status also assures donors and other stakeholders that we are peers of the best museums in the country.

Susannah Koerber said the self-study was submitted in November. The self-study was reviewed and follow-up questions were sent in December, and the American Alliance of Museums selected a visiting committee. The Indiana State Museum and Historic Sites sent responses to the follow-up questions in January and accepted an updated Collections Management Policy. The system prepped for site visits through the winter and in spring 2019 for the American Alliance of Museums visiting committee on April 7-10.

The visiting committee will submit a report to the commission three weeks after the visit, and the accreditation commission is expected to review the information in June 2019 with a decision to follow in

July or August 2019. The decision could include accreditation, suggested changes that need to happen, or the decision could be tabled while more information is gathered.

So far, a comprehensive review of practices and policies across the system have taken place. Teams from collections, facilities and other departments have been busy throughout the museum and away on visits to the sites working to clean and prepare for the visiting committee. The museum system continued to move forward with other projects, such as the integration of security, as well as the strategic planning process.

The visiting committee will be made up of Dr. W. James Burns, executive director of the Arizona Historical Society; Janet Gallimore, executive director of the Idaho State Historical Society; and Martha Jackson, chief curator of the North Carolina Division of Historic Sites.

Memorandum of Understanding Plan for Friends Groups

Greg Pemberton discussed the need for updating MOUs with each of the Friends groups for several sites in the Indiana State Museum and Historic Sites system. He told the board that many of these groups have kept the state at arm's length for several years, and some are untrusting when both the Friends groups and the Indiana State Museum and Historic Sites organization both have the same goal.

He noted money raised by Friends groups will stay at the sites but that Friends groups need to realize all sites are operated at a significant deficit, and each site needs help from the state to continue operations.

He noted each group was operating under MOUs drafted before the museum system became a quasi-state agency and all of the MOUs needed to be updated. These legal documents have been updated and signed off by the attorney general's office and are simple and straightforward. The Friends groups are enabled by statute, and that statute actually dictates that funding, donations, etc. should all come to one unified fund. That needed to be fixed, and this document does that.

Greg Pemberton noted that the statute also allows the CEO of the museum system to enter into a MOU with local support organizations - or Friends groups. Friends groups cannot operate independently of the museum system. Greg Pemberton noted that the museum system does not have to do this, but we want to find a win-win situation for both parties. However, tax information must be received from the groups, and this has been reported in inconsistent ways in the past.

Board members will vote on the new MOU during the March 6 meeting, then board representatives, Cathy Ferree and Kate Brownlee planned to meet with regional directors and friends' board of directors to discuss the new MOUs between April 15 and June 15.

All signatures will be due on the new MOUs by June 15, and the Friends groups will begin operating under the new MOUs on July 1.

Greg Pemberton noted the Friends groups have no understanding how they were structured, and several had misfiled 990s.

Cathy Ferree told the board some Friends groups have identified themselves as separate 501(c)3 organizations, which is incorrect. The groups don't realize they do not exist without the museum system. Some of these groups have been together for 15-20 years, and Friends groups even think they are boards of the sites which is incorrect.

The new MOU states clearly that any money raised in the community will stay in the community.

Kate Brownlee said the museum system will be using the discussions as a way to educate the Friends groups, and communications plans will be in place for each group. So far, there have been audits of websites, social media and other communication at sites. There will also be communication with community partners, memberships, government officials, etc. at each location.

Amy Ahlersmeyer told board members that Friends groups are important to each site, and the museum system and Friends groups depend upon each other for success. However, several of the Friends groups have their own websites, social media and other communications, which creates a brand problem when most people don't even realize the Indiana State Museum and Historic Sites is a 12-location system anyway.

Those communications will be phased out under the new MOUs with a completion date of Jan. 1, 2020.

She also told board members the Friends groups create a liability to the museum system when they aren't operating correctly or as they should when it comes to tax filings.

Greg Pemberton made a motion to approve the new MOU agreement with the Friends groups, and Andrew Briggs seconded the motion. The motion was unanimously approved.

Strategic Plan update

Amy Ahlersmeyer presented an update on the strategic planning process for the Indiana State Museum and Historic Sites. This update focused on the possible updates to the museum's mission, vision and values.

A mission statement is defined as the reason the museum system exists and articulates the purpose and role. The American Alliance of Museums articulates that any time there is a change in leadership or reaccreditation that a museum system should look at the mission statement. It's also a good time to consider a new mission statement because of the strategic planning process.

The current mission statement is "The mission of the ISMHS is to celebrate, explore and steward all that is authentically wondrous about Indiana."

A proposed mission statement is "Engage our communities with real people, places and things to explore Indiana's past, inform the present and influence the future."

Mission statements should include a focus, purpose and role. The focus is real people, places, things. The purpose is to engage our communities. The role is to inform the present and influence the future. A mission statement should be 20 words or less, concise and clear.

A vision statement is defined as inspirational and aspirational, as well as forward looking and should answer the question of what the museum system would look like if it accomplished its mission. The vision statement should inspire staff and align and inspire teams, while also showing the public where the museum system is going.

The current vision statement is “The ISMHS is a forward-thinking, unparalleled resource for learning about and appreciating Indiana and its role in the world. We discover, collect, preserve, interpret and present artifacts and exhibits that showcase the stories of Indiana’s natural and cultural history, art and science.”

A proposed vision statement is “The expertise and resources of our statewide museum system inspire and impact Indiana, the nation and the world.”

Values would be added and serve as a guide to the museum system’s behaviors. Best practices indicate values should be identified so that values could guide the work of the museum system and show what the system stands for.

Proposed values for the Indiana State Museum and Historic Sites include: inclusion, integrity and transparency.

Amy Ahlersmeyer asked board members to study the new mission statement and think about it before providing feedback before or during a future board meeting.

The Indiana State Museum and Historic Sites Board of Directors ended the public portion of the board meeting and entered into executive session 1:55 p.m.