

Edmonds South Snohomish County Historical Society (ESSCHS)

Preserving and Sharing Our Heritage

Approved Minutes from January 7, 2019 Board Meeting

Call to order: President Jerry Freeland welcomed everyone and wish them a happy new year. She called the meeting to order and read the mission statement.

Quorum: Linda Borofka is still traveling and excused. Sandra Butterfield was having car problems and might make it later but is excused. Teresa Wippel is coming from another meeting and would be joining us shortly. With 12members present a quorum was established.

Good of the order: Jerry announced that Kathleen Ihnken was resigning from the board effective after this meeting due to family health issues that causes her a lot of travel time. She will continue to assist with volunteer coordination duties. Appreciation was expressed for her service on the board this last year.

Minutes: Barb Fahey, secretary

- Referenced the minutes from the November 5th, 2018 meeting; they had been tabled in December to give everyone more time to review them. She had not received any new additions or corrections to the 2nd draft that had been sent out.
 - **APPROVAL:** She called for any additional corrections. There being none, Dean Averill made a motion to approve the 2nd draft and Kathleen Ihnken made the second. Motion carried unanimously.
- Barb then referenced the December 3, 2018 minutes. They had been sent out electronically the previous Friday. The minutes from that meeting contained a great deal of information regarding several discussions that took place. Barb had received a few corrections and had added some additional information to the first draft. She passed out printed copies of the second draft and acknowledged there was a great deal to review and pointed out the primary changes and additions. She noted there was an additional changed related to the negative amount the 2019 budget proposal showed. Dean Larson noted that the Market report was missing. Barb apologized and said she would make sure it was added and send out a new draft. She suggested approval be tabled until February to give everyone adequate time to read them and determine if her summaries did justice to the thoughts and ideas conveyed during the active discussions.
 - **There was consensus agreement to table approval.**

Treasurer's Report: Sandra Allbery, treasurer reported the financial reports had been sent electronically for review. The following things were to be noted:

BALANCE SHEET:

- Due to the recent fluctuations in the market, the Fidelity Investment Account that holds our restricted funds was showing an unrealized loss at year end. She had to make an adjustment and write off the loss. The amount that was written off is shown on the last page of the balance sheet under Equity as unrealized loss on investment (- \$8,549.49). There is no doubt the market will rebound and we will recover those losses in 2019 but they had to be recognized at the end of 2018 so the books balanced and the loss can be reported in the 2018 form 990 report.

- The other investment accounts are also down over some of the highs seen during the year, but have still increased in value year over year.
- The store inventory numbers have not changed An inventory will be taken next week and adjusted for any 2018 sales. It will not be any large amount.
- Liabilities:
 - Show Dues Paid in Advance Of \$2985. This is the amount of funds allocated for memberships granted for donations to the annual appeal of \$1850 and actual dues of \$1135 that arrived in 2018 for 2019 in response to the membership renewal request. This amount will show up as membership dues on the January 2019 report.
 - Reserve for Grant Receivable represents the Hubbard grant money that was received in 2018 and will be spent in 2019 for large item digitization.

BUDGET REPORT:

- The final income amount from the annual appeal was \$31,534.28. Expenses were \$612.03 so the net proceeds were \$30,622.35. The expenses included envelopes, paper stock, in house printing costs, bulk mailing expense and fees associated with the use of Square and PayPal for online payments. The fee amount was much lower than the fees paid when we do a dinner/auction. At those events everyone uses credit cards but most people paid by check when responding to the annual appeal.
- The Plaza Paver program brought in \$4,200 more then was budgeted. Expenses were over budget due to the number of pavers that were engraved and installed.
- Net operating income came in at \$20,940.19; about \$9200 higher than projected.
 - APPROVAL: Barb Fahey moved to accept the treasure's report and Dean Averill made the second. Motion carried unanimously.

Finance Committee Report: Larry Carpenter, Co-chair provided more information regarding the investment accounts.

- Fluctuations in the market have to be anticipated. They are caused in part by speculators and day traders. Frequently their actions trigger a selloff, but then new investments turn the market around again.
- Analysts believe the market is sound and investments are safe as long as the portfolio has good diversity which our does.
- Overall, our investments are doing well. Our Fidelity Account is relatively new and smaller. As a result it hadn't grown as much as our Schwab account, however percentage losses are on par with the Schwab Account. Year to date, both are up about 1-1/2%.
- There is a difference between an unrealized loss and a loss when stocks are actually sold. Unrealized losses are just bookkeeping entries to show the financial status of a company at year end. The loss will be recouped when the unsold stock goes back up in value.
- We are not short term investors. We maintain ample funds in our checking account to cover expenses. We do not face the possibility of having to sell stocks when they are lower than value at time of purchase.

Other financial matters:

- Rainy Day Fund: Dave Buelow, co-chair then informed the board that the "Rainy Day" Fund which had been approved by the board in 2018 set forth a formula for the amount of funds that we needed to hold to cover major shortfalls in income from the markets or other fundraising. With the closing of the books December 31st new numbers are available on which to base these calculations. The finance committee will be sending out a report for this fund prior to the February meeting for consideration and approval.
- Budget consideration: Dave then addressed the issues of the 2019 budget that had been carried forward from the December meeting.

- A slightly modified budget had been sent out since the last meeting.
 - It reflects real, final numbers now that the books are closed, instead of “best guesstimates”.
 - An adjustment had been made to the Tax Prep line. It now shows \$2000 for actual tax prep services and \$1000 in a separate column for tax consulting advice. This is a reduction of \$2000. It is hoped we can have the evaluation done pro-bono or at a reduced rate.
 - The final budget shortfall using a conservative budget that includes all potential extreme expenses that have not been accounted for in previous budgets is \$24,990. This is shown as option #4 on the draft proposal.
- The document also shows the budget when various items are included or removed such as a bonus pool, and a business tax payment that might come due in the fall if we cannot get a positive ruling regarding market revenue being a fundraiser or program rather than an unrelated business. These are options #2 and #3.
- Option #1 does not account for any extraordinary expenses and still reflects a shortfall of \$12,490.
 - ✓ (A COPY OF THIS DOCUMENTS IS ATTACHED TO FILE COPY OF MINUTES)
- Dave explained that 5% of the markets revenue in 2018 was used for the calculation. The books are closed so no adjustments can be made to include additional expenses related to market operations. However, should it be ruled that the market revenue is unrelated business income a better job of expense accounting can occur in 2019 to reduce the revenue amount on which taxes would be paid.

Dave then invited comments on the options.

Sandra Allbery added that over the last 3 years we have banked cumulative excess revenue over expenses of \$100,000. This was due in part to unexpected bequests and memorial donation as well as higher market revenue than projected. This amount gives us a cushion to cover the shortfall if necessary.

Larry Carpenter suggested that our budget should include the estimated \$1000 expense for Tax consulting and the estimated bonuses but not the potential tax obligation. If it turns out that we do owe taxes, which is very uncertain at this time, it could be covered out of savings.

Barb Fahey reported that to date she had been unsuccessful in contacting the recommended tax attorney to get a ruling on the tax issue. She does feel \$1000 is a realistic estimate of the cost since it is a simple matter requiring only review of the documentation we have on hand to justify the markets being a fund raiser or a possible historical education program. She added that she felt that if there was a tax obligation for 2018 it should be considered an added expense of the 2018 markets and paid out of our excess revenue for 2018 that we will be holding in savings.

Jan Flom indicated she had a couple of potential resources she could approach about giving us an opinion on the tax matter and would be glad to assist Barb in getting an answer to this matter.

ADOPTION OF BUDGET: Larry Carpenter put forth a motion to approve an option not presented and labeled option #5. This was to budget for the bonus pool and the \$1000 for consulting fees, but not include anything for the potential tax obligation. This would set the budget with a recognized shortfall of - \$ 17,490. Ann Wood seconded the motion. Motion passed unanimously.

Permission was given to make a notation that everyone approved the budget with its shortfall recognizing that we had adequate reserves in savings to cover it based on the excess revenue from 2018 without risking the stability of the Society. However, every effort would be made to generate added revenue to end 2019 in a positive position. .

TRUCK EVALUATION: Dean Larson has an appointment to have diagnostics done on the truck by Edmonds Auto on January 22. He will bring the evaluation to the next meeting.

Jerry asked if he would also do an analysis for the cost for renting a truck as a consideration if the cost of repairs was excessive and we were faced with possible replacement costs.

- Dean did not feel renting a truck was a viable option. Use of the truck starts at 5 AM which means the truck would have to be picked up the night before and returned the evening of each market day. The person who picks up the truck would be deemed the designated driver and have to be on duty the entire day.
- Doing without a truck is not a good option either. Moving the barricades would be difficult and sign boards and miscellaneous items used at the markets, which are typically left in the truck from one week to the next, would have to be stored in the shed adding more work load each week.

Larry noted that the cost of insurance was a significant added cost associated with truck ownership and that cost could help cover rental costs if a plan could be worked out to overcome Dean's concerns.

Jerry felt more information about rental cost would be helpful. Dean and Larry agreed to put together additional information for the next meeting.

DEVELOPMENT COMMITTEE: Kathleen Ihnken invited comments from sub-committee chairs.

- **Annual Appeal:** Barb Fahey reported that the final wrap up of the campaign had occurred the second week of December. A thank you letter was sent to everyone who had donated. A copy of the letter was sent by email to all board members along with the draft minutes last Friday. It announced that the goal of \$25,000 had been reached and the capstone gift of \$5,000 had been received. A hand written message was added to each letter. Mail merge was used so the letter was personalized. Barb expressed appreciation for all the help Ann Wood provided to generate the letters and prepare them for mailing.
- Ann noted that 10 more donations had come in since the last report.
- Barb indicated that from a financial standpoint the appeal was a success, raising over \$30,000 net. By comparison, the net proceeds from the Heritage Day dinner in 2017 were about \$20,000. Hopefully the net income will grow each year we do an appeal.
 - Jerry requested that special effort be made to get the memorial plaque for Gloria Osberg placed on the bench soon. The new names for the tower should also be added as quickly as possible. Katie will contact Clayton to hasten these projects along.
- **Plaza Pavers:** Ann reported there have been 5 small brick orders placed since the last purchase. The final orders for 2018 were purchased as Christmas gifts and arrived in time for installation before December 25th..
- **ORAL HISTORIES:** No one new has been scheduled for an interview. Sue Lowell is still being scheduled. Katie will make an effort to contact Jeff Bennett to see if he would rejoin this committee to move things along. Larry noted he had spoken to Steve Beck and Steve is willing to do a history. A letter will be sent to follow up.
- **MEMBERSHIP:** Kathleen reported that she had prepared the mailing and it was posted early December. As scheduled. Some responses have come in. Evelyn will be inputting the information.
- **VOLUNTEERS:** Kathleen reported that all the plans are in place for the all-volunteer meeting January 11th from 11 to 1 in the Brackett Room of City Hall.
 - As each person arrives they will be given all the required paperwork now used for all volunteers including contact info and policies they must be aware of. They will be encouraged to complete the forms and turn them in immediately.
 - The event is primarily social so volunteers can get to know one another and develop a sense of camaraderie. It will also offer an opportunity to thank them for their service.
 - Some housekeeping matters will be addressed and participants will have an opportunity to ask questions and get clarification of procedures.

- 17 people have signed up and 6 more are maybes. Email reminders will be sent this coming week in the hope more will sign up.
- This is for ALL volunteers including board members.
- A short break out session may occur to gather volunteers by the area were they volunteer (e.g. Market information booth, Docents etc.) to provide information related to each area, but this might be difficult because of the overlap of people serving in many capacities.
- Volgistics will not be introduced as had been originally planned. It has not been purchased yet. When it is, Katie, Sandra Butterfield and Kathleen will be the only users for a while. Kathleen will continue to collect volunteer hours information and input it into the program. Having the information in the system will allow for the production of reports and statistics.

NEWSLETTER: Katie explained that

- The development of the fall (late October) newsletter had been delayed and had finally been posted a week ago on the Monday before New Year's Eve.
- Several people noted their copy had not arrived until last Saturday, January 5th which made the holiday greeting rather late. Apparently the postal service does not process bulk mail during the holiday season. We should make note of that for future mailings.
- The winter newsletter will be mailed on schedule the end of January.
- The four names listed as donors in the fall edition were for contributions that had come in after the last newsletter, but before the annual appeal. The funds were booked as general donations.
- The new system of listing donors by donor levels will be implemented in the next newsletter. It will involve initiating a new page. Everyone who responded to the annual appeal or the membership renewal will be listed according to the amount they gave.
- There is a set schedule for newsletter mailings. This recent delay was caused because of the upheaval of the window installation which required that a lot of time be spent moving the upper exhibit around as well as several other projects that took unexpected amounts of time.
- Complements were given to Katie on the historical piece she wrote for the newsletter. This section has typically been done by others such as Kathy Hall but at the moment no one is willing to do this task. It is another area that takes up Kate's time and where new volunteers are needed.

COLLECTIONS COMMITTEE: Jim Landers, co-chair reported on the Native American Art Project.

- It is early days in the development of this project but the possibility of implementing it seems to be more certain.
- He and Ann went to the Tulalip Reservation and met with the two carvers to get better clarification on what would be involved.
- It is possible that the carvers could create the whole display including the display structure rather than our having to work with a second party to build the support frame or enclosure. The carvers are very excited about the project and honored we want to recognize the Native American peoples' involvement with Edmonds. They want to be a part of the whole project and will work with us to find the best way to protect and display the carving in the most economical way possible.
- The carving could be done on either a thin or thick piece of wood. The thickness determines the amount of definition that can be carved into the piece so they are opting for a very thick slab. This should add to its longevity as well.
- They will be meeting with Frances Chapin and Rich Lindsey tomorrow to gather more input about the City's perspective on the project. They will discuss the possibility of the City helping with the landscaping which would ideally include marsh grass and plants.

- They plan to make a request to the Arts Festival Board for funding. They also envision a public campaign to solicit donations both to cover costs and as publicity for the efforts the Society is making to recognize this bygone time in our history.
- At this time they are about fact finding and gathering cost estimates to put together a comprehensive plan for the board to consider.
- The two carvers are of different generations. The younger carver, Ty Juvine has been associated with the Burke Museum and did a child's coloring book for the museum. We might be able to work with him to create one to use in association with this project or possibly a simple child's book for our gift store.
- Jerry added that lighting should be included in the plans. We still need to find solutions for our exterior lighting needs especially on the South plaza. Adding that to the discussion with Rich Lindsey tomorrow would be a good starting place to determine what the City has in mind for better lighting in this area and if they could add lighting to the landscape plan for the new North area.

Discussion of lighting for the new project led to a broader discussion of lighting issues. Katie will check to find out from Tom Sullivan if any outdoor lighting was included in the rewiring and electrical upgrading grant request submitted to the state. Dean Averill said he had had several conversations with Rich Lindsey about lighting but nothing seems to be in motion. The city plans to install new street lights but not until the wiring in the alley is put underground. There is no time line for that to occur so everything seems to be in a holding pattern. We may need to be more proactive in encouraging the city to develop a timeline for lighting improvements in this area.

GOVERNANCE COMMITTEE: Barb Fahey reported that right now the focus is on the nominating process and making scheduling plans for activities normally carried out in the next couple of months.

- The December minutes contain a lot of information about the views of the board members regarding the talents and skills that would be desirable to enhance the board's capabilities. She suggested that everyone should review the minutes and if they feel anything was left out they should let her and Teresa know so they can be incorporated into the public announcements Teresa will be creating
- Teresa said she will likewise review the minutes and develop her articles taking everyone's ideas into consideration.
- Articles will be posted on My Edmonds News and placed in the Beacon and the Herald. An additional article will be put in the winter newsletter and information will be sent out through our E-news.
- Teresa will work with Katie to coordinate all of this.
- Ideally we will have some applicants by early February and then we can initiate the interview process. Dean Averill, Dave, Teresa and Jerry have agreed to serve on the interview committee with Barb.
- Delaying the board elections raises a question regarding the annual meeting. The normal process is to send out the ballots at least a month before the annual meeting with a return deadline the day of the meeting. The results of the election are then announced at the meeting. The decision to delay elections for three months would place the end of the process in May. After some discussion, a consensus vote was taken and May 6th was established as the date of the annual meeting.
- The date for the board retreat was then considered. It normally occurs in March. Some felt we should adhere to that schedule while others thought we should wait until newly elected board members could participate. No agreement was reached. The matter was tabled until the February meeting.
- The resignation of Kathleen now creates two board openings. Her position could be filled through appointment if a candidate comes forward with skills suitable to chair the Development Committee. As we get a sense of the qualifications of potential candidates we can decide if we want to open her position up for election for two years or appoint someone to complete her term.

DIRECTORS REPORT: Katie passed out her written report and expanded on some items:

- She thanked Barb for taking down the Christmas decorations and Dean Larson for transporting them to storage. Barb added that Jim Tomlinson had done a great job gathering up the decorations on the lower level. She did the outside and received help from a passerby. He is new to Edmonds and lives within a couple of blocks. He didn't know about the museum but was excited to see the lower level and is interested in becoming involved.
- The Polar Plunge was a great success as always. Daphne's presented a check for \$500 and one for the same amount is expected from Salish as a match. Daphne's no longer sells robes for the event which had been the source of the donation, so now they just give an outright contribution to kick off the New Year.
- Sue Lowell and Betty Lou Gaeng are slated to do oral histories. Betty is 91 and a great historian with a wealth of local knowledge and memories. Plans are under way for her to do speaking engagements for both the Alderwood Heritage Society on Feb. 16 and here at the museum date still to be determined. She is actively researching Mount Lake Terrace History. At a future date we might be able to sponsor an event on that subject as well
- The window project completion date has been adjusted to February 8th. The installer has been ill. After installation is complete the windows will be filmed.
- The opening of the next exhibit will be delayed until the window project is finished. The current exhibit will close on January 16th and only the lower level will be open until mid-February.
- The City's grant for electrical improvements was funded by the state historic preservation commission. Thom is seeking a second bid for the project because the first bid was too high.
- We did not get the capacity grant we had applied for from the Rick Steves fund at the community Foundation of Snohomish County.
- Valerie Claypool would like to offer another China trip as a fund raiser for the museum. The board welcomed the offer.
- We have been having a lot of problems with our internet. Currently Katie is trying out some new equipment but if the problem can't be solved we may have to switch providers. We currently use Allstream for all our communication services so this would impact our phone service as well. She will provide more information next month.

MARKET COMMITTEE: Dean Larsen reported he would be meeting with Carrie Hite to discuss City issues related to the Markets to start planning for the coming seasons.

LOSHO: (League of Sno. Co. Historical Org.) Jim Landers reported the organization's meeting will take place at the museum on January 19th at 10 AM.

There being no further business, the meeting was adjourned at 6:10 PM.

Respectfully Submitted,

Barbara Fahey, Secretary