

**BOARD OF TRUSTEES MEETING MINUTES
NATURAL HISTORY MUSEUM OF THE ADIRONDACKS/
THE WILD CENTER**

March 28, 2011 – American Museum of Natural History, NYC

Board Present: Paul Alioto, Tom Aydelotte, Joe Beck, Michael Bettmann, Lynn Birdsong, Jim Carr, Obie Clifford, John Colston, Amy Elrod, Robert Friedman, Nancy Howard, Kevin Keane, Peter Kindler, Claire Leonardi, Betsy Lowe, Chris McFadden, Nancy Simpkins, Dan Sullivan, Charles Svenson, and Karen Thomas.

Board Absent: Charles Frenette, Rick Godin, Mike Hunsinger, Bill Hutchens, Dave Johnson, Tom Jorling, Nancy Lamb, Paul Maroun, Steve Potter, and Sandra Strader.

Advisory Board Present: Lynn Fox, Barbara Grose, Sally Hart, Jack Ryder, and Eugene Zeltmann.

Staff/Consultants Present: Marci Bencze, Susan Clifford, Hillarie Logan-Dechene, Jason Drebitko, Jamie Dyer, Howard Fish, Diana Fortune, Bob Kronenberger, Christine Owens, and Stephanie Ratcliffe.

APPROVAL OF MINUTES

*The Board unanimously approved the December 28, 2010 meeting minutes.
Jim Carr motion, Obie Clifford second.*

Board President Lynn Birdsong welcomed two new Advisory Board members, Lynn Fox and Jack Ryder who were both in attendance. He gave board members a brief background on each stating that Lynn Fox was Senior Adviser to the Board of Governors of the Federal Reserve System, where she has worked in congressional and public affairs and internal communications since joining the Board of Governor's in 1985. He also mentioned that she is the wife of current St. Lawrence University President, Dr. William Fox. He stated that Jack Ryder, another new Advisory Board member, is the CEO of Shelter Capital Management in Georgetown, CT and resides in Redding, CT. He reported that Mr. Ryder has a summer home on Tupper Lake and his love of the outdoors influenced his decision to join the Advisory Board of The Wild Center.

REPORTS FROM THE PRESIDENT AND EXECUTIVE DIRECTOR

Executive Director Stephanie Ratcliffe began her report by telling board members that the museum's Major Gifts Officer for the NYC Metro area, Sue Clifford, would be leaving her position. Stephanie reported that Sue has been with the museum for three years and had pioneered a number of new programs, including the introduction of Wings. Lynn Birdsong stated that he has worked very closely with Sue on a number of events and thanked her for all of her numerous contributions to The Wild Center.

Stephanie also reported on another staff change at The Wild Center. She told board members that our Director of Facilities, Chris Rdzanek, had left the museum to take on a

position at the Atlanta Zoo in Georgia. She said that Chris had been with the museum from the beginning and had seen it through many exciting changes.

Stephanie then reported that she and a group of representatives from The Wild Center and the Adirondacks had recently returned from Finland. The trip was funded through the American Association of Museums (AAM) and the State Dept. as part of an exchange program grant. The exchange is with Heureka, a science museum in Finland. Our two museums are working on how both communities are reacting to climate change. She reported that the group brought three local high school students on the trip and that it was a whirlwind of activity. She stated that the group was always on the move whether it was blogging about the trip, meeting with the US Ambassador to Finland, Bruce Oreck, meeting with “Demos” which is a think-tank in Finland or meeting with staff at Heureka. She also reported that one of the members of the first delegation from Finland that visited The Wild Center wrote an article in a Finnish publication, *Ymparisto*, about The Wild Center. Stephanie passed the magazine around for board members to take a look at. She said that another group would be coming to the United States from Finland in May and that the group will participate in the Adirondack Research Consortium among other things while they are here.

She reported that the projected savings for the pellet boiler this past year was \$25-\$30,000 and that the actual savings were \$31,000. We are still exploring the goal of being carbon neutral but there is still work to be done to reach that goal.

She then reported on the upcoming Build a Greener Adirondacks conference. She stated that it was one of the last things that Chris Rdzaneck worked on before he left and that other staff had taken it over. She mentioned that April 30th was an important date for board members to keep track of and asked them to invite any of their staff, caretakers and contractors who might be interested in green building. She stressed the fact green building can be done in the Adirondacks.

Stephanie mentioned that there was a new Café Manager, Phil Smith, who came to the museum from The Whiteface Lodge where he was the Catering Chef. She stated that in terms of revenue stream “a whole new world opens up for us”.

She also reported that during the recent annual meeting with Adirondack Museum there was discussion about the possibility of a shared intern and the fact that it was a great opportunity to collaborate. She also mentioned that the museum was looking into the idea of securing a liquor license at some point. Bob Kronenberger stated that now that the museum had appropriate staff in the café that we will start to look into that possibility saying that it would likely not happen until at least 2012. There was then discussion about the benefits/draw backs of the museum having a liquor license. Bob Kronenberger stated that it would most likely be event specific and would not permit the café to serve beer on the menu.

There was then brief discussion on upcoming fests that would take place this summer and Board Member Betsy Lowe stated that this was the International Year of the Forest. She said that this was designated by the UN and that it might be a good opportunity for a fest and suggested having a prominent speaker come and talk about the forests.

STRATEGIC PLAN REFRESHER

Stephanie Ratcliffe then gave board members a strategic plan refresher. She stated that the museums next strategic directions were developed during the process of creating the strategic plan and that the strategic directions that were identified directly reflect how the museum has evolved since the initial concept was born. She said that the first five years have been a great period of experimentation. She reported that the museum is becoming a “center for” many audiences. The following are the eight strategic directions that were identified previously:

- Keep the core museum experience strong – This direction is critical for continued success.
- Be a leader in place where science and community intersect – This describes all of the convening work as well as ADKCAP task force work. The museum has convened mostly around green living, energy and climate change, even though these are pressing issues, we don’t want to limit our vision on to use this powerful programming format. Finland project also in this category.
- Focus on next generation – Leave no Child Inside and addition of Pines play area.
- Spread the word about the Adirondack model – Not much progress made in this direction but the Youth Climate Summit and the Finland project have made some progress here. Distributing copies of “a Matter of Degrees” to NYS schools will also help spread awareness about the Adirondacks.
- Move the perception from “nice to necessary” – Our five year study gave us some insight about what we mean to people. A new study will be conducted this summer to collect data and document the museums economic impact on Tupper Lake and the surrounding region.
- Broaden and deepen our donor base – All planning on campaign circles and pin-points this exact issue. The success of the campaign depends on it. It will be a major focus of development work for the next three years. Stephanie also asked board members to focus on it as well.
- Build a Wild Center community online – Experimenting with several ideas and this is something that will be built chapter by chapter.
- Operate with fiscal responsibility and operational effectiveness to optimize use of our resources – This is the main reason for the campaign and Bob Kronenberger is doing a great job of being as efficient at possible and making sure we are performing at industry standards. Stephanie stated that this summer the museum would be doing a small economic impact study of The Wild Center on the Adirondacks.

There was then discussion among board members. Michael Bettmann asked what The Wild Center wanted to be to the community. Nancy Howard mentioned the Adirondack Curriculum Project to which Stephanie responded the curriculum project was a way to try to encourage teachers to use “place based” curriculum. Jen Kretser, Director of Programs, is very involved with that. Stephanie also reported that there was a grant request submitted not to help “scale up” Visual Thinking Strategies (VTS) but said that it is very competitive. VTS is a powerful way for teachers to encourage critical thinking skills. Chris McFadden asked

how VTS complements the “convening role” and asked if sessions were archived. Stephanie said that some are but that an archive is not enough to keep people engaged.

LONG RANGE SUSTAINABILITY PLAN

Stephanie Ratcliffe then called on Lynn Birdsong to present the “Long Range Sustainability Plan”. Lynn stated that he would talk about the museum business model as well as the long range plan. He stated that The Wild Center has now been open for five years and has celebrated many successes such as a balanced budget every year but that there were some weaknesses that had to be addressed. He reported that The Wild Center had recently been voted “Business of the Year” by the Tupper Lake Chamber of Commerce. He said to get that recognition is so important. He stated that it has started out as a wonderful museum and that it has migrated towards being a center for the Adirondacks. He said that the LP Quinn Elementary School has started referring to the museum as its “science wing”. He stated that the center concept is very important to the museums sustainability.

He shared with everyone in attendance the following ideas for the plan:

- Keep the museum fresh, exciting and inviting – Summer and winter programs, new exhibits (i.e., Bird Skytower and Science on a Sphere), free flight demonstration, new movies.
- Further develop “Center” positioning – Natural science education for Adirondack schools, expanded Youth Summit (Washington and Helsinki), Adirondack Climate and Energy Action Plan (ADKCAP) and related activities, green building leadership, demonstration and programs.
- Build endowment – A goal of \$10 million through campaign.
- Invest in development – Additional/new personnel, successful campaign, strengthen “we belong” membership effort as identification with TWC mission and ADKS’s and actively develop new friends and donors.

FIVE YEAR FINANCIAL PLAN

Claire Leonardi presented the museum’s five year financial plan following the strategic overview provided by Lynn Birdsong and Stephanie Ratcliffe. She began by acknowledging Bob Kronenberger’s work in the Finance Department and stated that he has brought the financial piece of the institution forward. She then gave board members an overview of where the museum has been to help provide context of where it is projected to be in the future. She reported that revenues have ranged anywhere from \$2.7 million in 2009, which was a very difficult year for many non-profits, to \$3.4 million in 2008. \$3.4 million in revenue has been budgeted for 2011. She reported that higher revenue in 2008 was largely due to the Climate Conferences and that even without that we topped \$3 million in revenues. Admissions peaked at almost \$800,000 in 2008 and the low was this past year at \$613,000 which was a differential of \$185,000. She stated that contributions have ranged from a low of \$1.2 million in 2009 to a high of \$1.6 million in 2010 and that we are budgeting \$2 million in 2011. Grants have become a more important source of funding for The Wild Center. In 2007, the museum received \$50,000 in grant funding which represented

only about 1% of funding and even lower in 2008 at \$25,000, but has grown this source to over \$230,000 in 2010. This represents 7% of our funding.

Claire then gave an overview of all funds that The Wild Center has attracted from 2007 through 2010 as well as what has been budgeted for 2011. She provided a chart which includes restricted endowment as well as capital funds. She reported that we: raised nearly \$10 million in 2007, \$4.4 million in 2008, \$3 million in 2009, \$3.9 million in 2010 and project that we will raise a total of \$4.9 million in 2011.

On the expense side:

- Facilities is the largest expense category – has increased more than other segments from 2009 through 2011 budget
- Exhibits and Programs – over the first 4 years was the second largest expense category
- Administration and Marketing have remained fairly constant over time and have declined slightly as a % of overall expenses
- The Wild Center responded to a very difficult year in 2009 by cutting expenses
- The largest category of increase between 2007 and 2011 is Development

She stated that it is important to put the Development Budget in context considering where we are in the institutions life cycle, our decision to embark on a fund raising campaign and our results against other institutions.

She reported that employees represent almost 60% of our budgeted expenses for 2011. When looking at these expenses she said that:

- Total salaries and benefits are expected to be up almost 19%, or nearly \$300,000.
- This increase is despite the fact that Employee Benefit costs are down almost \$20,000 – a remarkable feat in the current climate.
- With the exception of 2009, when the Center controlled costs by reducing personnel, FTE's have remained fairly constant.

She said that there a number of factors contributing to this increase:

- About 1/3 of the expansion is for-
 - salary increases for existing positions of 3% in 2010 and 2% in 2011
 - Larger raises for leadership positions where compensation was not at a level appropriate for the position, when compared to external data.
- The remaining 2/3 is largely related to new positions reflecting our commitment to increase capacity in Development and invest in the campaign. These include the addition of Hillarie Logan-Dechene, the Campaign Director, a campaign assistant, and a part time membership sales person.

Claire then provided some key assumptions related to the five year plan. She noted that 2011 is used as the base year for Admissions and that a sensitivity analysis of the impact of Admissions increases and decreases was prepared. She said that for every 1% above or below our estimate, that revenue would be impacted \$10,000 and that this includes the ticket price plus projected store and café receipts. She also noted that the museum's spending

policy is to contribute only realized income to the Center until the endowment reaches a total market value of \$5 million and then to contribute/spend 4% of the fund's preceding five year average market value.

She stated that we are projecting that operating revenues will:

- Rise from the 2010 level of \$3.1 million to \$3.4 million in 2011 and will top out at \$3.8 million in 2015, the fifth year after the start of the campaign.
- Running the numbers forward another five years so we can better see the impact of the campaign on the operating revenue mix, we expect overall revenue to be down slightly to \$3.7 million.

She said that annual contributions will still be the largest component of our operating revenues. Admissions and auxiliary activities are expected to contribute over \$1.1 million in 2015, with the opening of a major new outdoor exhibit. This is up \$270,000 from 2010. She also provided a chart showing endowment growth which she stated is an important growing asset of the museum. She stated that the endowment is expected to reach in excess of \$9 million over the next ten years.

Dan Sullivan mentioned that capital would also need to be raised to cover upcoming maintenance issues and exhibit renewals. He mentioned that the national average for the cost per dollar raised was 20% and that The Wild Center is "in the ballpark".

She closed her presentation by sharing conclusions:

1. We have grown from a start-up mode and matured as an organization.
 - Added capacity in key staff areas like finance and development
 - Are no longer new and must make larger investments in the facility to remain "fresh"
2. While Admissions will always be a key indicator, this cannot sustain our operations.
3. The Center will continue to be highly dependent on Annual Fund for the foreseeable future which requires broadening the donor base.
4. We must raise endowment to lower our Annual Fund needs and provide stability to enable us to deliver our "product" even in times of economic downturn.
5. Costs per dollar raised are reasonable, given national benchmarks.
6. Investments in Development are an important next step for the Center.
7. A successful campaign yields:
 - Enhanced donor community and more engaged members
 - Dollars for new exhibits
 - A core endowment to move further up the path of long term sustainability.

She stated that there are clearly risks associated with the plan or any forecast for an organization. It is extremely difficult to project with any degree of certainty in any circumstance but that it is even harder for The Wild Center given its stage of development and the firsts that it is currently engaged in:

- First major fundraising since opening.
- First large investment in a major new exhibit.
- Enhanced Development Department, on which these results are dependent.

There was then discussion regarding the seasonality of The Wild Center and its effect on revenue stream. Stephanie Ratcliffe stated that we compare to ECHO Lake Aquarium in Burlington which is mostly door driven and Montshire Museum also in Vermont which has a good size endowment. Hillarie mentioned that 30-45% of the operating budget at Adirondack Museum is provided by endowment.

FINANCE

Claire Leonardi asked the board for their approval of the 2010 Audit as Bill Hutchens was unable to attend the meeting.

*A motion to adopt the 2010 Audit Report and Financial Statements was unanimously approved.
Joe Beck motion, Betsy Lowe second.*

DEVELOPMENT REPORT

Hillarie Logan-Dechene gave a brief development report. She provided board members with plans for programs in 2011.

- Membership
- Annual Fund and Major Gifts
- Wings
- Restricted Gifts and Grants
- Bequest Program: Endowment
- Comprehensive Campaign

She reported that there will be activities big and small to help introduce new friends to The Wild Center.

She then reported on 2011 Development priorities.

- Comprehensive fund development plan
- Acquisition of new members and donors
- Retention and upgrading of current donors
- Membership program enhancements
- Comprehensive campaign
- Strengthen museum's presence in the community and beyond

Lynn Birdsong stated that we need to invest in development and that we need to think about refreshing ideas. He noted that there were some "fests" planned for summer with the idea of keeping things fresh to keep people coming through the museum's doors. He said that the concept of "center" will help reach more donors.

CAMPAIGN REPORT

Karen Thomas and Hillarie Logan-Dechene then provided the campaign report. Karen reported that we currently have 100% Cabinet participation, with \$5.28 million committed in gifts and pledges. In total, Hillarie reported that \$6.3 million in gifts and pledges had been raised.

Hillarie then gave an overview of campaign gifts and pledges by area:

- **Annual Operating/Undesignated** - \$5 million goal, \$3,129,247 raised
- **Capital** - \$4 million goal, \$5,050 raised
- **Endowment** - \$9 million goal, \$2,983,000 raised – including \$750,000 bequest intentions
- **Expenses** - \$2 million approved by board for expenses (in operating budget)

They stated that the next challenge was to make sure that we had 100% participation by both board and advisory board and that people would be receiving calls from cabinet members prior to the July board meeting to set up meetings. Leadership gift prospects (\$100,000 + ability) would also be met with. Lynn Birdsong said that The Wild Center has a great opportunity to play a more vital role in the Adirondacks and that it needs the money to do it.

Hillarie then asked for approval of the following addendum to the recently adopted Campaign Gift Acceptance Policy:

“Let it be resolved that the cash proceeds from unsolicited, unexpected charitable bequests received by The Wild Center: The Natural History Museum of The Adirondacks, be allocated to the board designated endowment fund”.

*A motion to accept the addendum to the Campaign Gift Acceptance Policy was unanimously approved.
Dan Sullivan motion, Chris McFadden second.*

There was then a brief discussion about the possibility of more corporate and government contributions. Tom Aydelotte asked if we should focus more on attracting these types of donors. Hillarie asked board members to provide her department with any names of contacts they may have in either area.

Hillarie then spoke briefly about the importance of the following reception as well as other events for bringing in new donors. She handed out a Summer Development Events Calendar and asked board members to try to attend as many as they can as well as to bring new people to introduce them to The Wild Center. Obie Clifford stated that there were other people who deserve the opportunity to invest in the institution.

BIRD SKYTOWER PRESENTATION

Jason Drebitko of ConsultEcon, Inc. presented to board members his report titled “Potential Impact of the Bird Skywalk/Skytower Project on the Operating Profile of The Wild Center”. He stated that major public attractions such as museums must re-invest to stay competitive and to encourage repeat visitation and that a rule of thumb in the

commercial attraction industry is annual reinvestment of 10 to 15 percent of fixed assets to stay competitive. He said that temporary exhibits and events are used to maintain audience interest, while major exhibits and expansions are necessary to change the attendance baseline and increase market penetration.

He then provided The Wild Center's baseline attendance profile. He stated that total attendance has decreased by 24 percent from 2007 to 2010 and that membership has decreased by 27 percent, during this same time period. He said that this "stabilization trend" is an expected and normal phenomena in the museum industry. On average, he reported that there is 72% more attendance on precipitation days than on clear sky days, highlighting The Wild Center's clear position as a rainy day destination. According to Wild Center visitor surveys:

- There are a high number of repeat visitors
- Expanding both indoor and outdoor exhibits rank as "very important" to "friends" of The Wild Center
- When visitors/friends were asked about what would influence their decision to make a future visit, **a major new exhibit** was overwhelmingly the influencer.

He stated that one challenge is that the recession has substantially impacted the travel industry and that state and municipal budget challenges have limited resources flowing to regional tourism offices for promotion, etc. Travel forecasts nationally indicate a slow rebound. One opportunity that he noted was that the Lake Placid CVB/Adirondack North Country Association data has indicated the following:

- There are a high number of repeat visitors – new content may increase frequency for visits from tourism market.
- Outdoor activities are the #1 interest – scenic beauty and views are key influencers in travel decisions.

He reported that elevated/canopy walkways and other associated outdoor exhibits (tree houses) have emerged as a popular attraction type at educational institutions around the U.S. and internationally. He then gave a few examples of these types of exhibits: Out on a Limb – Morris Arboretum, Philadelphia; Treetop Canopy Walk – Ecotarium, Worcester, MA; Canopy Walk at Atlanta Botanical Garden, etc. The one project that is most similar to our project is "Out on a Limb". Opened in July 2009, 450' zigzag walkway that is 50' off the ground, "Squirrel Scramble" and "Bird's Nest" active play areas, increased attendance 33% and membership 29% in the first year, total project cost was \$4 million including \$500,000 in endowment.

Jason then provided board members with success strategies from comparable projects:

- Active and passive design features that satisfy interests in soft adventure and "safe danger" enhance the attracting power of this type of exhibit.
- Interpretation is important to the overall visitor experience.
- Covered spaces can increase the flexibility of the exhibit and create earned revenue opportunities.
- Incorporating play areas into the exhibit is key to the overall appeal and creates a repeatable experience.

- Building endowment into the total project budget is important.
- A strong “iconic design” can create substantial marketing leverage.

He then discussed the Bird Skywalk/Skytower potential impact.

- 20-25% “boost” in the first year followed by a period of stabilization.
- 3-5 % sustained attendance impact.
- Other revenue opportunities = membership renewals and new memberships, rental and paid program opportunities.

Jason then provided a summary of his presentation to board members.

- The stabilization in attendance and memberships at The Wild Center is a well documented and expected industry phenomena.
- Industry experience underscores the need to constantly invest in “new”. Wild Center visitor studies also emphasize visitor interest in new.
- The Wild Center is a “go to” rainy day attraction, but there is an opportunity to do better on fair weather days.
- Regional tourism data suggests that visitors to the region are motivated by outdoor activities, scenery, views.
- The Bird Skywalk can help brand The Wild Center as both an indoor **and** outdoor destination and could improve market penetration on fair weather days.
- Satisfy the demand for new and encourage repeat and new visits.
- However, to maximize its potential impact in the marketplace, the Bird Skywalk should incorporate more drama and emphasis on fun, while maintain robust levels of interpretation.
- Finally, the Bird Skywalk will be an important addition, but not an end at all. Going forward, it will also be important for The Wild Center to make periodic investments in new programs and exhibits on a routine basis.

There was then much discussion regarding the project and whether or not we need a large exhibit like this to attract visitors. Kevin Keane mentioned that he liked the project but had questions/reservations about the return on investment. He stated that it was a \$4 million investment that was only expected to pull in about \$700,000 over 5 years. He suggested that maybe there is something less expensive that has a higher impact. Jason stated that it can’t be looked at as a straight return on investment, he said that other intangibles had to be factored in such as memberships and rental events. He said that the main purpose is to provide the outdoor component. He said that it is an “iconic thing” and not just a birding attraction. Claire Leonardi stated that the board would have to look at the structure and maybe “redesign” to add some more fun components. Chris McFadden suggested that we need to determine who our audience for the project is and build/design it accordingly. Joe Beck stated that he likes the project and the versatility of it. Amy Elrod was concerned about the audience/design and asked what if people come and don’t see birds. Claire Leonardi stated that if she were to vote now she would vote “no-go” as the board seemed like they still had many questions. Nancy Simpkins asked if we were sure we wanted to use the outdoor space on this kind of a project. She asked if there had been a study done for other exhibits. Stephanie said yes, a snowshoe lodge and an amphitheatre but neither would have the impact of the skywalk. Karen Thomas noted that she had heard the presentation twice and now

really likes the idea of it and thinks it will be great for the museum. Barbara Grose recommended putting bleachers in the woods for bird viewing. Bob Friedman said that it would be a good way to see things differently up in the trees than what we see on the ground. He felt that it was a very exciting project. John Colston liked the idea of the bird skywalk and thought it iconic. He stated that the museum needs something iconic to draw people, or else they will stay in their own backyards and that we are trying to pull the “fair weather” crowd. Nancy Howard noted that she isn’t fond of the design.

Claire Leonardi then asked the question “where do we go from here?” She felt that people still don’t know enough about the experience and the structure of the exhibit and suggested that the team regroup and possibly come back to the board in July.

Lynn Birdsong reminded the board that \$1 million that had been contributed in the early days of the museum where the donor had indicated he would dedicate the then planned observation tower. While those funds had previously been reallocated, we needed to keep that in mind.

SUMMER MARKETING PLAN

Howard Fish showed board members the new “center for” ads. He also reported that were a number of fests planned for the summer to help The Wild Center to become part of the Adirondack conversation including:

- GreenFest – Building a Greener Adirondacks on May 1
- HealthFest – a community free day with Adirondack Medical Center on May 21
- BuzzzFest – Featuring live insects, great music and how to cook, eat and enjoy insects on July 2
- FlavorFest – Celebrating local food and tastes from the northern region on August 11 and;
- FeatherFest – A closer look at migrating birds and The Wild Center’s raptors on October 9.

NEXT MEETINGS

The next 2011 meetings of the Board are scheduled for the following dates:

Tuesday, July 5, 2011 (TWC), Thursday, October 6, 2011 (TWC) and Monday, January 9, 2012 (NYC).