

Pratt Board of Trustees Minutes

Meeting of May 24, 2017

Presiding: Jenny Pohlman

Attending: Lee Campbell, Madeline Dow Pennington, Susan Edelheit, Adam Glant, Preston Hampton, David Hensel, Cynthia Ann Hibbard, Terri Hiroshima, Robin Kirschbaum, Len Lewicki, Ronda Miller, Richard Openshaw, Fletch Waller, Richard Wortley

Staff: Steve Galatro, Ryan Davis, Laura Hammerlund, Kamla Kakaria

Guests: Bob Swain

Advance Materials: Agenda, January 2017 meeting minutes, May 2017 Finance Committee meeting minutes, FY17 financials as of April 30 2017, auction results, governance memo, board self-assessment.

Regular meeting of the Board convened at 6:00pm at Pratt Fine Arts Center studio, with a quorum present; minutes of August meeting were approved as submitted.

Studio Spotlight: Steve Galatro spoke to the board in place of Scott Darlington to give an update on the glass studio. Highlights of his presentation include:

- The hot glass studio continues to see “incredible success” with over 90% enrollment and studio access reaching maximum capacity. Indications are that Pratt could double its enrollment with the added capacity that the new construction will bring.
- The warm glass studio has been in a steady decline over the past few years. Scott has been given leeway to revamp classes in order to drive greater enrollment.
- In flame working, there is very little demand for bead making now compared to years past; Pratt is trying to figure out how to tap into the pipe-making market.
- During the remodel, the down period will be approximately one month.

2017 Annual Auction Results: Jenny began a discussion of the results of the 2017 “Ruby Riot” with praise to Piper and Billy O’Neill for their leadership of the Auction Committee and their many contributions to the success of this year’s event. Laura Hammerlund echoed her gratitude and shared highlights of the results, which include:

- The auction generated total revenues of \$643,590 against a budget of \$502,000.

- The “Dale Chihuly match” achieved its maximum of \$10,000 and helped to raise over \$20,000 during the event.
- Pratt received positive feedback from guests about this year’s venue and auctioneer; early plans are to include both again in next year’s event.

Racial Equity: Preston Hampton and Kamla Kakaria presented an update to the board on recent racial equity training and discussed future plans for the organization’s work in this area. They noted the March training sessions for board members and staff received very positive feedback, and that the RE team is currently “re-evaluating our approach.” They have prepared a budget tied to specific classes as part of this approach; Part 1 is focused on understanding racial equity, and Part 2 on how to affect necessary changes at the organization. Repeat and reinforcement training will also be included.

Preston expressed his hope to see more funds made available in next year’s budget for racial equity training and related matters; he reminded the board that this is not a one-time event but a “long-time journey” to affect change.

Kamla spoke about how RE training is proceeding with Pratt staff, noting that “there is lots to do, but we are getting a lot done.” Preston noted that a key goal is to have a common set of best practices across all the different studios at Pratt. Steve added that “we are on the leading edge” among similar organizations in this work, and that he and others are now working on ways that Pratt can partner to help further demonstrate RE leadership.

Governance Committee: Fletch Waller reviewed the May 19, 2017 memo from the Governance Committee to the Board of Trustees in regards to Trustee self-assessment, and reviewed progress to date on this matter. He then stated to the board the recommended policy as follows:

Each Pratt Trustee is expected to complete an annual self-assessment and submit it, anonymously if desired, to the Governance Committee. The purposes are to stimulate individual reflection and self-examination and to provide board members with information with which to improve the effectiveness and productivity of the Board of Trustees.

Next, Fletch moved that the board adopt the above self-assessment policy and practice; Preston seconded and the motion passed by unanimous consent. Jenny advised trustees to bring their completed assessments to submit at the June board meeting, or to mail it in earlier if desired.

Fletch also reminded the board that it is losing 3 trustees by the end of the fiscal year, and that the Governance Committee’s goal is to have a slate of 5 nominees to consider for nomination in the coming year. He noted that more nominees are needed, and urged board members to find candidates and submit their names to him as part of this process.

Finance Committee: Ronda Miller reported on Pratt's financials as of April 30, 2017. Highlights of her report include:

Company Snapshot

- Ronda noted that the snapshot provided does NOT include income from the auction due to the timing of Pratt's receipt of these funds.
- *Months Cash on Hand:* Previously, this figure was calculated using bank cash only. For this snapshot and going forward for its reporting, it will include the portion of the Klorfine fund that is available as "unrestricted funds" to Pratt to use at its discretion (though this portion is still in the fund itself).

Budget to Actual

- *Tuition Revenue:* Down 13%, the committee believes it unlikely that Pratt will make up this full amount through the remainder of the fiscal year. Steve also made a note on the state of tuition revenue, noting that enrollment is down for the first time in four-and-a-half years, and that the committee is analyzing very specific drivers of this trend to help the organization explore changes that could help turn it around.
- *Auction Revenue:* Per note above, this figure represents only those monies received prior to the auction.
- *Total Revenue:* Over budget by 16% thanks in large part to the 2016 Access Campaign.
- *Total Operating Expenses:* Under budget by 8%.
- *Total Income:* Ahead by \$352K, which is remarkable given that full auction results are not yet reflected in this figure.

Balance Sheet

- *Loan:* Pratt has paid down the principal on the land loan by ~\$50K this year.
- *Deferred Revenue:* Was \$162K a year ago, at this time it stands at \$218K.

In addition, Ronda noted that the completion date for Pratt's latest 990 report has been extended, and will report to the board on the matter at its next meeting.

Campus Development: Steve gave an update on Pratt's campus development, beginning with issues related to new construction. He noted good progress has been made toward permitting, and that DRE has secured all financing it needs through design and construction. He also characterized Pratt's partnership with DRE as "going well," and described DRE as inclusive and positive. The two have been working recently with architects to help them meet both the place-making goals and financial constraints; though this work has slowed from pace, Steve has received assurances from Kevin Daniels that that it will be resolved and not cause any ultimate delays.

Steve next spoke of the renovation phase of the project and shared ground plans still in development for both the main and yellow buildings.

Executive Director's Report: Steve presented his report on the following key topics:

- *Norman Courtney:* one of the original founders of Pratt, Norman recently suffered congestive heart failure and passed away. In commemoration of his death and celebration of his life and contributions to Pratt and the community, Pratt will close on the evening of June 17 to host a public celebration and service/memorial.
- *BAM Exhibit:* Planning for this 40th Anniversary exhibit is moving forward. Steve thanked Lee, Sarah, Susan and the Education Committee for ongoing efforts in support of this program. He also noted that submissions will open at the beginning of June for one month. Current expectations are that the exhibit will run for up to 5 months, and will be located in the museum's largest exhibit space on its 3rd floor. Pratt is currently working with BAM on additional programming around this exhibit.
- *FY18:* Steve shared that he is "neck deep" in planning and budgeting work. Due to a "fluctuating window" of expected interruptions due to construction work around the end of that fiscal year, he will "surgically update" the budget as this becomes more clear. He will also provide a capital project overlay to the budget to account for the capital campaign. Steve noted that key priorities for FY18 include salary increases, technology upgrades, and an increase in budget to support the organization's racial equity work.
- *Bequests:* Receipt of the Mimi Pierce bequests has been delayed until the related real estate sells. In addition, two days after the auction Pratt received notice that a donor, Sue Adams, has passed away and left the organization a bequest of \$1 million. Steve is currently working with the Finance Committee to determine a strategy on how to use the bequest, especially in terms of the increasing Pratt's "investment in people" (i.e., staff). The committee is working on a bequest policy and guidelines for unrestricted cash gifts.

Adjourned 8:10 pm

Respectfully submitted,
David Hensel