

**Friends of the Museums of Florida History, Inc.**

**MEETING MINUTES**

1:30 p.m., Thursday, June 8, 2023

**Room 307, R.A. Gray Building**

**Participants**

**Directors:** Ms. Laura Rogers, Chair; Mr. Stephen Birtman; Mr. John Boudet; Mr. Andrew Collins; Mr. Bill Herrle; Ms. Lena Juarez; Dr. Dennis Moore; Mr. Jon Moyle

**Staff:** Ms. Alissa Lotane, Ms. Lisa Barton, Ms. Danila Coppola, Ms. Jennafer Henderson, Ms. Kristi Kessling

**Guests:** Mr. Scott Hilton, Wells Fargo Advisors

I. Call to Order

Ms. Rogers, Chair, called the meeting to order at 1:30 p.m.

II. Introduction of Board, Staff, and Guests

Ms. Rogers welcomed all Board members, staff members, and guests attending the meeting. Ms. Rogers asked everyone at the meeting in person to introduce themselves to be followed by those on the conference call.

III. Adoption of Agenda

Ms. Rogers requested a motion to adopt the agenda.

MOTION TO PROCEED WITH AGENDA: Ms. Juarez

SECOND: Mr. Birtman

MOTION PASSED WITHOUT OBJECTION

IV. Chair's Comments

Ms. Rogers thanked the staff for keeping everything running smoothly while finding the perfect matches to complete staff vacancies. She added that staff have done a fabulous job keeping the Board informed during these busy times.

V. Consent Items

Ms. Rogers inquired if there were questions about any of the consent items. With no questions or comments, Ms. Rogers requested a motion to pass all the consent items on the agenda at once.

Note: Consent items up for vote were provided to the Board in advance via email.

A. Meeting Minutes from April 5, 2023, quarterly Board meeting

B. Financial Report through April 2023

MOTION TO APPROVE THE CONSENT ITEMS: Ms. Juarez

SECOND: Mr. Boudet

MOTION PASSED WITHOUT OBJECTION

VI. Business Items

A. Financials

1. Endowments Update

Ms. Rogers invited Mr. Hilton to discuss the endowments. Mr. Hilton began with a brief overview of the national economy, predicting a mild recession in the second half of the year. He noted it should be a "soft landing" because corporations and individuals are in much better shape this year than in the past. Mr. Hilton shared that currently the Federal Reserve fund rate is 5.25% and the prime interest rate is 8.25%.

Mr. Hilton discussed interest rates and how banks' responses lead to a dampening effect on the overall economy. Mr. Hilton clarified that inflation is at 4.9%, which was at a high of over 9% last June and predicts that it will get down to approximately 2.9% by the end of the year. The Federal Reserve would like to have interest rates between 2.0% and 2.5 %, ideally 2.0%, but that may be very difficult for some commodities such as energy prices and labor cost because they are affected by supply and demand rather than fluctuations in interest rates. Mr. Hilton reported that [national] unemployment is up to 3.7% and may rise by the end of the year to 4.4%. Moving on to interest rates, he stated that short term rates are still higher than long-term rates with the one-year treasury rate at 5.1%, 10-year rate at 3.7%, and 30-year rate at about 3.6%.

Mr. Hilton then discussed each individual endowment. At the end of April, the James Knott Endowment stood at \$207,874, up 4.9% from the previous quarter. The Charles Knott Endowment also showed an increase of 4.7% and had an ending value of \$151,191. Mr. Hilton shared that our largest account, the Cultural Endowment Fund, is composed of laddered CDs from 6 to 24 months and stands at \$628,379. Of that total, \$19,076 was cash.

Mr. Hilton discussed distributions from the endowment accounts to take place in August. He stated plans to take approximately \$8,000 from the Cultural Endowment for KHM, for 20<sup>th</sup> of May cultural programming, and for MFH for auditing & accounting, \$7,000 from the John Knott Endowment for KHM programs, and \$8,120 from the Charles Knott Endowment for KHM lawn maintenance and auditing fees. He noted that the Museum did not take any distributions last year with the Museum being closed. He believes we are positioned well going forward and, while the economy may go into a recession during the second half of this fiscal year, our earnings will continue to be profitable. Mr. Hilton opened the floor to questions.

Mr. Collins inquired about the unemployment rate and clarified that it was the national unemployment rate, which Mr. Hilton confirmed. Mr. Collins stated that Florida is well below the national unemployment rate, and this impacts federal funding coming into the state. He said that Florida is in a unique period where we have a strong labor market and, while interest rates are being tightened, there is an inflection relationship where things are tight enough and, suddenly, we have a precursor to recession. He hopes there will be a soft landing where, by slowing economic growth, we avoid a recession and maintain a strong labor force. People come into Florida and pay taxes which boosts our economy. Mr. Collins said it is interesting to see the State of Florida perspective in contrast to the national picture. He believes it is a little bit of an anomaly and an interesting dynamic.

Mr. Hilton added some general comments about the real estate market and the high cost of rent in other places in the country.

Mr. Collins brought the discussion back to the topic of endowment distributions and the Museum renovations and reopening. He said one of the side benefits of the Museum's closing is that we incurred fairly low expenses and did not have to take any distributions. He mentioned that the budget reflects a fairly stable progression from last year to the upcoming fiscal year in July 2024. Mr. Moyle asked for a little more specificity on endowment distributions. Ms. Barton shared that the Charles Knott Endowment paid \$3,600 for landscape and emergency maintenance and \$3,500 for accounting and auditing. She added that the budget for accounting and auditing alone is \$5,500. Additional money from the James Knott Endowment helped cover expenses for the 20<sup>th</sup> of May event at the Knott House.

Mr. Moyle asked about rebalancing our investments and Mr. Hilton stated that we generally do it at the end of the year and we did some at the end of last year. The Cultural Endowment, which is the bulk of the funds, is very constrained. As has been mentioned before, these funds must be invested for preservation of assets, and cannot drop below \$600,000. Mr. Hilton stated that we are kind of hamstrung there, but the good thing about the Cultural Endowment, with the rising interest rates, is that they have been able to be renewed at higher rates, such as increasing from a .2% return to a 4½ to 4¾% return.

## B. Selection of Auditing Firm

Ms. Barton provided background information about the current auditing firm Carr, Riggs & Ingram. She shared that the CSO has engaged this firm to perform the required annual audit for the past 10 years and they will perform the upcoming audit. Ms. Barton stated that over the years the firm has changed the personnel who come on site to do the fieldwork every two to three years. For the audit in August, there will be a new person to come on site to work with Ms. Coppola, Ms. Henderson, and herself. Ms. Barton wanted to give the Board the

opportunity to consider the possibility of soliciting proposals from other local firms. She said this was a question for the Board to discuss and give some direction.

Mr. Collins said that this is a balancing act dynamic. On one hand, under federal and state statutes, we have some requirements as a nonprofit to deliberately change audit staff at a bare minimum. He felt the organization is in a good spot by following best practices and complying by deliberately changing the auditing personnel. Mr. Collins pointed out that our fees with Carr, Riggs & Ingram have not increased much, which is favorable. He thinks that our guidelines should state that every so many years we will change the members of the audit team. Or, a hybrid approach could be considered to either solicit another audit firm or just change up the team so the same audit staff member is not working on the audit year after year, which might become problematic. Mr. Collins felt that this is a good discussion point to keep a balanced approach.

Ms. Lotane shared that she had the same discussion with the other division CSO, the Friends of Florida History, Inc., and pointed out a significant cost increase in that case. The discussion continued with Mr. Birtman maintaining that from a good governance perspective we should look at the marketplace. He was curious to know if the other CSO has more cash flow or more work involved than the FMFM as a possible explanation of the cost increase.

Ms. Rogers mentioned that we will be using Carr, Riggs & Ingram for this year, but we can revisit this conversation of best practices if we want to plan for next year's audit or whether to have something in the bylaws saying that at a minimum of every 10 years, we need to change the firm, or when necessary.

Mr. Moyle asked if our current contract has a clause stating that with renewal our costs will not increase by more than 5%. Ms. Barton shared that there is a letter of engagement every year, and in that letter the firm estimates the cost of the audit. This year it was estimated at \$10,100. Mr. Moyle was interested to know about cost increases over the last 10 years. Ms. Barton shared that for this year the cost was about the same, but she would have to review records prior to 2021 to answer. Mr. Moyle shared that just about everything is going up and it appears we have been getting a pretty good deal as our costs have only gone up a small amount. He pointed out that there is not a requirement for nonprofits to change their auditing firms. He mentioned that some may say we should change firms to have different eyes on it. But to Mr. Moyle it sounded like the firm is doing that by rotating the individuals doing the audit. His argument for keeping the firm was that they do not have to relearn our situation and are familiar with our business, and that may help to keep the price low. Mr. Moyle said we have never had any adverse findings and would not want to send the wrong message to the firm.

Mr. Birtman posed a question about using one firm for all the CSOs within the DOS to get a price break. Ms. Lotane explained that would not work because there are different advisory boards with different allotments and the funds are not state dollars. Ms. Lotane also shared that they had trouble finding auditing firms to fit their needs. The company they had been using stopped performing audits and that is why the other CSO was looking for another firm. Ms. Rogers addressed the board to ask if they were satisfied with the discussion. Mr. Birtman asked Mr. Collins what he would do. Mr. Collins recalled that in his first year as Treasurer the audit cost was in the mid \$9,000 range and now it's at a low \$10,000 figure, so it has been fairly consistent. He has worked with other auditing firms that charged between \$15,000 and \$18,000. Mr. Collins stated he did not think we needed to go looking for a problem. He would recommend a periodic discussion at the board level about the issue, as we are already following the mandatory change stipulation. Mr. Collins thinks that, by adding the clause to our bylaws, it would allow us to write down our current practice. Mr. Birtman asked if Mr. Collins was making a motion to change our bylaws. Mr. Collins said that he did not want to get ahead of the discussion on bylaws, but he believed it is a good recommendation to add the audit requirements to the bylaws. Ms. Barton shared that the audit is not mentioned in the bylaws, but it is mentioned in the CSO letter of agreement with DOS.

### C. Update of Bylaws

Ms. Rogers suggested that the Board move onto the bylaws. She wanted everyone to have them as it had been a while since the Board looked at them. Ms. Rogers told the Board that a decision did not need to be made today, but some discussion of our policies and procedures would give the Board the flexibility to make quicker changes and suggestions rather than changing the bylaws. Ms. Barton recommended that we change the bylaws to reflect that the Museum of Florida History and the Knott House Museum are now under the Division of Historical Resources and update the statute numbers referenced in the bylaws. She noted there may be other changes the

Board wants to see. Mr. Birtman suggested that the board go ahead and agree to make changes to edit the incorrect references and statutes and add the auditing requirements. Ms. Rogers proposed that instead of making the changes at today's board meeting she would like to set up an ad hoc committee that would work with staff on these specific items to make sure they have been updated and to present them at our next quarterly meeting. Mr. Collins agreed to serve on the committee. After further discussion it was decided that a committee would be created, and staff would be included to help advise. This committee would then present at the next quarterly meeting. Mr. Collins recapped the possible changes including updating the division name, including audit requirements, board membership nominations, and term limits.

Ms. Rogers thanked everyone for the good discussion. She noted the committee could delve into the bylaws to determine what is pertinent and then bring the information back to the group to make changes and adjustments to the bylaws.

## VII. Other Business

### A. Staff Updates

Ms. Barton noted the successful Florida History Day state contest and mentioned fifty-nine students were heading to the national competition in College Park, Maryland. She thanked everyone who volunteered to judge and gave support and encouragement to make the event a success. She went on to note that the Knott House Museum and the John G. Riley Center & Museum hosted the 20<sup>th</sup> of May–Emancipation in Florida celebration. The event attracted 344 people. Everyone enjoyed the wonderful food and program. Mr. Brian Bibeau, portraying General McCook, as always, did a wonderful job.

Ms. Barton shared information about the opening exhibit reception for *Unseen: Museum Collections Revealed* at the Florida Historic Capitol Museum. Mr. Birtman commended this collaborative effort between the museums. Ms. Barton let the Board know about upcoming educational programming.

Ms. Coppola shared information regarding the Museum stores, including hiring new personnel, History Day T-shirt sales, and upcoming holiday ornament sales.

Ms. Barton updated the Board on a new employee at the Museum. Mr. Daniel Webster is the museum education program representative and History Day co-coordinator.

Ms. Lotane provided updates about the Knott House fire suppression system. She did not expect the design of the system to be completed by the end of the year as the sprinkler company is very busy. Ms. Lotane noted that the State budget is to be signed by the Governor and, when the money is released, the department will be looking at the Knott House's HVAC update and other repairs. The department asked for \$10 million dollars for the lead-based paint abatement, and \$3.434 million for all of our buildings was appropriated, so there is a need to prioritize. Mr. Birtman asked if the \$3.434 million was sufficient to include the Knott House and Ms. Lotane said, no. She went on to explain that more conversations need to be had about prioritization of buildings and the order in which to proceed with abatement. She said she will have additional information after July 1, 2023. Ms. Lotane also reported that the testing on the plaza is finished and there were no structural issues with the rebar, which is excellent news. The plaza is in the design process to determine what it will look like. They will be deciding if they will go back to concrete or continue with the underlayment that is there right now. There will be a slope and working drains. As soon as the design is settled, DMS will begin work.

The discussion then returned to the abatement issue and Mr. Birtman suggested that the more detail you put into what "abatement" is, the better, so the definition is broad. However, Ms. Lotane pointed out that whatever the \$3.434 million dollars is spent on has to be abatement related. Mr. Collins requested that the cost projected to perform the lead abatement include the replacement and repair of the lead contaminated areas. Concerning the plaza, Mr. Birtman was concerned about the amount of time the project would be in the design phase and how long the museum would be closed. Ms. Lotane stated that the project only involves the roof of the Museum, so she feels pretty confident that DMS will be working on that at the end of this year or early 2024. She wants to manage expectations and make the Board aware that even when the roof project is complete the museum will still need to remain closed for a few months to be sure there is no more water intrusion before moving everything back into the Museum.

Discussion then turned to updating the Museum website and Facebook to let the public know that the Museum will be closed for an extended period of time and then refer them to other DOS museums and places of interest under our purview. Ms. Barton shared that she feels that we have done a good job of making it clear to visitors that the museum is closed. Ms. Lotane assured the Board that we will continue to work with our other museums like we have done with the Historic Capitol Museum to give the public alternate places to visit.

Ms. Rogers welcomed the new store manager, Ms. Jennafer Henderson, and invited her to share any ideas or goals she has for the Museum Shop. Ms. Henderson gave a quick overview of her twelve years' experience in the retail industry. Ms. Henderson pointed out that her experience will be put to good use for the Museum stores. She shared that Ms. Coppola has been very helpful and has guided her through the Museum Shop's procedures. Brief, general discussion about store management ensued.

Before the meeting wrapped up, Mr. Birtman had one last question regarding the space the former Museum café occupied. In his point of view, if we are going to be building and changing things in two or three years, we could use that space for something else other than storage. Ms. Lotane shared that she hopes we will again one day have a café and reminded the board that, when the Governor signs the budget, our master plan money of \$300,000, if still in there, will go toward planning, so repurposing the café space will certainly be considered. Ms. Barton and her staff have already drafted the procurement documents and the division has one year after July 1, 2023, to finish the process. Mr. Birtman stressed the importance of being ready by the next budget cycle as the money will run out soon. Ms. Lotane noted that we will have to estimate costs to include them in the next budget cycle to complete our building projects next year.

Ms. Rogers provided a brief summary of the next steps for the bylaws updates. She thanked the Museum staff for all of the work to help the Museum. Ms. Rogers opened the floor for any further questions or comments. There were none. Since there were no questions and no members of the public on the call, Ms. Rogers suggested ending the meeting.

IX. Adjourn

MOTION TO ADJOURN THE MEETING: n/a  
SECOND: n/a

The meeting ended at 3:00 p.m.

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Ms. Laura Rogers, Chair  
Friends of the Museums of Florida History, Inc.

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Date

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Ms. Lisa Barton, Director  
Museum of Florida History

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Date

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Ms. Alissa Lotane, Director  
Division of Historical Resources

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Date