

LEONARDO/ISAST BOARD OF DIRECTORS MEETING

October 2, 2008

At the downtown offices of San Francisco State University, San Francisco, CA

MINUTES

Board Members Present: Jeff Babcock, Steve Wilson, Tami Spector, Christian Simm, Greg Harper, Darlene Tong, Beverly Reiser, Sonya Rapoport, Meredith Tromble

Staff Present: Pam Grant-Ryan, Pat Bentson, Kathleen Quillian

Absent: Roger Malina (notes submitted to Jeff Babcock on some agenda items prior to meeting), John Hearst

Meeting start time: 6:10pm

1. Greg Harper moved to approve the minutes of the August 2008 board meeting. Meredith seconded. The board voted: all in favor, no dissent.

2. Finances:

- The Board reviewed the organization's financial situation, referring to the 3rd Quarter Balance Sheet, Profit & Loss Statement, and current status of Roger Malina's loan to Leonardo/ISAST.
 - The organization's basic cost of operation continues to exceed revenue, though Year-to-Date expenses are 20% less than anticipated when the budget was approved. The budget for 2008 is \$287,000 for the year. It was noted that last-quarter expenses are higher than expenses during each of the first three quarters, due to end-of-year fundraising expenses and the organization's annual loan interest payment.
 - In spite of lower-than-expected expenses, a current cash flow projection shows a 4th Quartet shortfall of \$75,000.
- Also noted were the following items related to the current financial status:
 - The most recent statement on Leonardo Endowment Accounts indicates a balance of approximately \$100,000. The board did not discuss drawing down any funds from this account. In order to do so, the board would have to formally approve such withdrawal.
 - The next MIT Press payment (about \$53,000 for FY09) is scheduled to arrive in January 2009.
 - Approximately \$100,000 is expected from MIT Press in July. No significant growth in journal publishing fees and profit is expected.
- Jeff pointed out that the multiyear cycle of cash shortfalls supplemented by personal loans from Roger Malina, must be broken.

- First, the organization must increase revenue from all sources, contributed as well as earned. The business model is, as currently structured, inoperable just to meet current needs.
- The organization has an outstanding debt that impacts its ability to present a cohesive and stable picture to potential funding sources, which is a significant impediment to the organization's ability to generate contributed funding from major foundations and sponsors.
- Roger Malina has generously provided loans and contributions, but to be viable, Leonardo/ISAST must reduce this single-source dependency and establish multiple sources of dependable funding and cash flow.
 - An interest-only payment on the outstanding \$347,000 loan from Roger is due in December, which is estimated to be \$10,000, based on an interest rate of 3%. If the loan balance increases in the 4th quarter, the interest payment will also increase.
- Contributions from donors other than Roger have increased slightly each year, but are not close to being adequate to support the organization. There will be a new concerted effort to attract support from existing donor base as well as identifying individuals and other organizational support in the months ahead.
- The Organizational Membership Program, under a revised benefit format will be given high priority as a means of generating annual revenue from the hundreds of potential Leonardo/ISAST affiliates throughout the Leonardo Community.
- The board discussed ways of increasing income and/or reducing costs.
 - Meredith Tromble wondered if becoming solely a networked organization that allows for semi-autonomous groups to have the freedom and responsibility to do what they want under the Leonardo name might lessen the burden on the central office. It was pointed out that this is how the organization currently functions and that the burden of responding to the various groups, some of which request funding from Leonardo to support their activities, occupies a significant amount of available staff time.
 - The potential for conflicts arising from multiple Leonardo-related entities simultaneously, and independently requesting funding from the same sources was discussed. The board agreed that one component of future funding may involve collaborative grant proposals with Leonardo/ISAST taking the lead but also involving related groups and other partners, primarily for project-based requests.
 - Jeff Babcock noted that this is not a structural improvement for funding Leonardo/ISAST's ongoing (and minimal) core operation.
 - The board agreed that it is absolutely necessary to identify and implement a business model that can generate the current minimal business and program operation.
 - Jeff Babcock noted that the organization's inability to achieve what he called "escape velocity" after twenty-five years is the principal

roadblock to achieving stability and the next level of financial credibility. He stressed that the continuing deficit model along with the same level of minimal operation, which does not include three essential full-time employees whose responsibility it is to manage day-to-day operations as well as pursue the organization's board-approved institutional strategy, is what prevents the organization from moving to the next level of operation. Missing positions that viable organizations always have include an executive director and directors of development and marketing/communications.

- The organization is not in position to hire these individuals but must make this a priority as Leonardo is suffering from a chicken-and-egg syndrome – we can't and haven't (achieved stability and "escape velocity") because we haven't and do not (hire essential staff).
- Jeff said that escaping the grip of this self-limiting scenario must become a priority focus for the board. The board, in principle, agreed.

3. Leonardo/ISAST Strategy and Business Model:

- John Hearst is pursuing a board-approved project around the topic of evolution that will be the first of a proposed series of projects/events around "burning issues" of broad appeal to Leonardo's Arts/Sciences constituency. Jeff is following up with John to determine the timing of implementing his topic and will report back to the board.
 - Some board members asked to discuss the topic of evolution vis-à-vis Leonardo. Several members ask if this topic, which due to the Darwin Centennial in 2009 has generated universal interest, will be of interest beyond 2009.
 - Some wondered whether the evolution topic would enable the organization to secure funding; others expressed doubts because so many other projects are already announced and funded.
- The board discussed the pros and cons of organizational activities focused on specific topics, rather than having a wide range of activities on a varied, broad range of topics.
 - The board agreed in principle to explore the idea of organizing multiyear activities around themes to bring in different elements of the organization, new artists/scientists (particularly scientists) and new audiences who are not currently involved in Leonardo/ISAST.
 - The board agreed to form a task force to further the discussion and explore possible themes, related activities and directions. The task force will report at the next board meeting. Tami and Meredith offered to work together to start the task force.

- Jeff motioned. Darlene seconded. The board voted all in favor. No dissent.

4. International Council:

The proposal to create a new Leonardo/ISAST International Council was discussed at length. The Council would replace the current International Advisory Board, which, it was agreed, has grown dormant.

The board agreed that Roger Malina's skills in making connections with and in the international community are important assets to Leonardo/ISAST, and Roger's continued international outreach is important to the mission of the organization.

The board discussed the proposed format and responsibilities to be pursued by the Council, differences in nature and purpose between the existing International Advisory Board and the International Council and how the Council might be more effective in reaching new and different aspects of the Leonardo Community.

- The board felt that there needs to be more clarity about the Council mission and operation vis-à-vis the Governing Board.
- Some board members suggested that the Council focus on devising solutions to and improvement of current programs rather than focusing on creating new projects.
- Another area of Council focus, suggested by several board members, is to identify and connect to Leonardo/ISAST individuals and organizational members who are working in the Leonardo/ISAST area of interest but who have not yet joined the organization.
- The board spent significant time discussing how to more effectively and regularly connect Leonardo/ISAST project leaders and editors directly to the organization and the Leonardo/ISAST board rather than to another external network (the Council).
 - There was general agreement among the board that the central organization needs to be strengthened through increased direct communication with and participation by these key Leonardo participants.
 - The board discussed having the Council relate to the Governing Board as a subcommittee of the board rather than as a separate entity. Discussion included the idea that some Council subcommittee members could become voting members of the board.
 - The importance of having internationally based governing board members was discussed, along with the possibility of accessing these members by employing current video conferencing technologies.
 - The board agreed by consensus that further discussions of the aims and goals of the International Council and its connection to the main organization as a subcommittee or other format, is needed, along with greater clarity about the purpose, role and authority/framework in which the Council will operate.

- Jeff Babcock recommended that this discussion be continued at and concluded at the next board meeting.

5. Mission and Vision Statements:

Drafts have not yet been finalized. Pam Grant-Ryan will work with board members to finalize the documents, which will be circulated and voted upon at the next board meeting.

6. Organizational Memberships:

Leonardo/ISAST currently has approximately 10 organizational members; a plan to ramp up the program and identify and engage new members was discussed, and a new membership structure (fees and benefits) was approved.

- The organization does not currently possess a comprehensive database of relevant organizations, based primarily at academic institutions, but also including corporations that operate in the creative technology space.
 - Steve Wilson said he could provide an intern to develop the database.
 - Board members are asked to provide input on organizations, especially where they have personal contacts to approach about this focused effort.
 - Darlene Tong suggested requiring groups that we collaborate with to become organizational members, which the board generally agreed is a good idea, though no formal action was taken.
- The board agreed to grandfather current members under existing fees/benefits for one more year while focusing on bringing new members into this program.
- The board discussed the new three-level membership structure and agreed that providing incentives and options for groups to migrate up the membership ladder is appropriate.
 - The new Leonardo Network e-Newsletter will highlight profiles of new organizational members as they join.
 - Sonya Rapoport suggested using the organizational membership program to highlight students.
- Jeff asked for a motion to approve the new organizational membership proposal. Several motioned to approve. Christian seconded. All voted in favor. No dissent.

7. Advertising/Marketing:

The board reviewed several proposals related to advertising, marketing and community outreach.

- A new Leonardo Network e-Newsletter has been designed to replace Leonardo/ISAST's system of individual notices to the Leonardo Mailman mailing list. The e-newsletter will include announcements of Leonardo/ISAST activities, overviews of our organizational members, classified ads, donor acknowledgments, announcements of opportunities, etc. The board discussed the potential for the e-newsletter to better connect with the community, increase

the numbers of web visitors, increase ad revenue and provide an outlet for services to organizational members, donors and others.

- The board agreed by consensus to adopt the e-newsletter.
- The board discussed the current Classified Ad system and a proposed structure that places classified ad rates closer to the rates of other online publications.
 - Leonardo/ISAST receives numerous classified ad requests from university departments, who wish to place online and/or email ads with short deadlines, for faculty positions. Darlene and Steve noted the ability of university departments to pay large fees for such ads due to a need to provide wide and appropriate ad distribution.
 - With the new system, the ads will be distributed to the e-newsletter via the Leonardo Mailman mailing list and be posted online for a specified amount of time.
- Jeff asked for a motion to approve the new structure. The board agreed by consensus.
- Kathleen Quillian reported on her research of other websites' systems of banner and display ads.
 - The board discussed adopting a banner ad system for the Leonardo websites, as well as the use of small banners and button ads in the Leonardo e-newsletter. Some concern was expressed about taking care to avoid overwhelming the Leonardo websites with distasteful banner ads, but the board agreed that staff should implement a system with strict specifications for ad size and placement.
- The board agreed by consensus that the staff should begin distribution of the e-newsletter and continue to refine the banner/display ad system.

8. Publications:

- Darlene Tong explained the Publications Committee's draft proposal review document, which will formalize and streamline the board's review of and response to the many requests the organization receives for co-sponsorships of activities, events and publications-related projects. The board broadly supported the document and discussed the ways in which the document will allow for a more efficient process. Jeff motioned to accept the document for use in formal review of all proposals to Leonardo/ISAST. Tami seconded.
- The board all voted in favor. No dissent.
- Pam Grant-Ryan reported that the ACM Siggraph Contract is very close to being finalized. The current contract outlines that ACM Siggraph pay Leonardo a \$13,500 fee each year for 3 years to publish an annual special issue of Leonardo that will serve as the ACM Siggraph Conference Art Show Catalog. Future years of the contract are contingent upon renewal of Leonardo's contract with MIT Press. Leonardo will retain the agreed-upon fee; MIT Press will benefit from reduced costs and increased sales.

- The board commended Pam, Jeff and Greg for their efforts in negotiating the contract.
- Steve Wilson reported on his updated Call for Proposals for a web architect to assist Leonardo/ISAST in structuring a comprehensive plan for the website. Jeff proposed distributing the call for proposals after staff has cleaned up the language. Steve motioned for approval. Tami seconded. The board voted: all in favor. No dissent.

9. Fundraising:

- Further discussion of fundraising was postponed until the next meeting.

10. Board Meeting Schedule:

- Jeff Babcock proposed monthly board meetings to speed up decision making and action. Some board members expressed difficulty in attending monthly meetings. It was proposed that subcommittees meet between the full board meetings. The board agreed to have a full board meeting on November 13 as the last meeting of the year, and to discuss the 2009 meeting schedule at a later date.

Meeting adjourned: 9:10pm