



PALOS VERDES ART CENTER
2020 ANNUAL MEMBERSHIP MEETING MINUTES
September 25, 2020

Call to Order - Don Crocker

Chairman Don Crocker announced that there was a quorum and called the meeting to order at 5:30 PM. The date of the 2020 Annual Membership Meeting was moved from June to September with the hope that it could be held in person in the Atrium. Due to ongoing restrictions related to the COVID-19 pandemic, the meeting was broadcast live on Zoom.

Mr. Crocker noted that the Art Center will be celebrating its 90th anniversary in 2021.

Approval of Meeting Minutes – Don Crocker

A revision needs to be made to the Minutes for the 2019 Annual Membership Meeting. The name of the Board president appearing in the second paragraph will be changed from Linda Grimes to Leslie Burke.

Motion by Don Crocker to approve the minutes for the 2019 Annual Membership Meeting held on June 21, 2020, as revised.

Motion by Don Crocker to approve the Minutes for the Special Membership meeting held on January 30, 2020.

Mr. Crocker requested a vote by the membership on both motions to approve meeting minutes. Milli Yamamoto, PVAC's newly appointed Studio School Administrator, instructed the members on how to submit their votes (Yes or No) via Zoom.

>The two motions to approve meeting minutes were unanimously approved by the membership.

Recognition of Outgoing Trustees – Don Crocker

Mr. Crocker recognized retiring trustees Jessica Jimenez and Val Simon for their significant contributions during their tenures on the PVAC Board. He also recognized Linda Grimes, who recently resigned as president of the Board to return full-time to her position as director of the San Pedro Waterfront Arts District. He expressed his sincere appreciation to Ms. Grimes for her willingness to serve as president of the Board and for her skillful leadership during a challenging time. She was presented with an engraved gavel and several other gifts in recognition of her service.

Ms. Grimes thanked the Board for the opportunity to lead the PVAC through a challenging period, and expressed her gratitude to the other Board members for their support, insights, and commitment during this difficult time.

Election of Officers and Trustees – Don Crocker

2020 Annual Membership Meeting Minutes

Mr. Crocker announced the slate of nominated officers and trustees for the 2020-2021 fiscal year.

Nominated Officers

Don Crocker, Chairman of the Board; Ann Buxton, President; Allen Lay, Treasurer; Karen Peterson, Secretary; Nancy Sewell, First Vice President; Errol Gordon, Second Vice President.

Trustees

Rosie Duprat Fort, Evelyn Kita, Maude Landon, Jan Napolitan, Lois Olsen, Geoffrey Wainwright, Dan Willens, Sandro Winkworth.

Mr. Crocker thanked the nominees for their willingness to serve. He commented that the Board for the coming year will include five past Board presidents, six professional artists, three lawyers, two CPAs, two professional investment advisors, two career educators, one architect, and others with significant business experience.

Motion by Don Crocker to proceed with a vote to elect officers and trustees for the 2020-2021 fiscal year.

Ms. Yamamoto instructed the members on how to submit their votes via Zoom.

>All nominated officers and trustees were elected by a unanimous vote.

Executive Director's Report – Daniela Saxa-Kaneko

Daniela Saxa-Kaneko was appointed Interim Executive Director of PVAC in January 2020. Based on her capable performance, she was appointed Executive Director in April 2020. Mr. Crocker highlighted Ms. Saxa-Kaneko's extensive educational background and substantial professional experience that she brings to her position. He also thanked the PVAC staff for continuing to perform their duties in a competent and professional manner during a time of uncertainty and transition.

Ms. Saxa-Kaneko extended a warm welcome to the attendees and thanked them for their participation. It has been a challenging year. The Art Center closed on March 16, 2020 due to the statewide mandated closure of all non-essential businesses in response to the COVID-19 virus. She expressed her gratitude to the PVAC staff, Board of Trustees, students, and members for their commitment and ongoing support as the organization adapted to working from home, social distancing, Zoom meetings, and other forms of virtual interaction.

Financial Stewardship

As a result of the closure and economic downturn related to the pandemic, the Art Center incurred a significant cash shortfall for the 2019-2020 fiscal year. The Dream House raffle scheduled to launch in April 2020 and classes scheduled for the spring and summer sessions were canceled. We are committed to prudently managing our resources during this challenging time. In response to the shortfall, steps have been taken to reduce expenses and obtain funding from other sources, including a forgivable Paycheck Protection Program loan under the CARES Act, and a temporary withdrawal from the endowment fund. We are grateful for the generous support received from individuals, foundations, corporate partners, and government organizations this year.

IRS Audit

2020 Annual Membership Meeting Minutes

We received the results of the IRS audit of the 2018-2019 house raffle in April 2020. The report contained a finding that revenue from the raffle constitutes unrelated business taxable income. We filed an appeal with the IRS on June 30, 2020. We are aware of other nonprofit organizations that have successfully appealed a similar finding and are hopeful that we will prevail on appeal. The appeals process may take up to 2 years.

Studio School

Our plans to expand the curriculum to more fully utilize our studios and restaurant kitchen were put on hold due to the closure. Our goal going forward is to offer a wider variety of art courses that also appeal to a broader audience. To keep our students engaged during the hiatus, we offered our instructors three alternative teaching opportunities: prepare lectures on Zoom, film video tutorials, or write articles on their own work. Beginning in May, we featured several of the instructors' submissions a week by e-blast and on our website. We received an enthusiastic response from our membership on these postings.

Once it became apparent that the Art Center would not be able to resume onsite instruction until sometime in 2021, we began researching the requirements for a transition to online instruction. Around this time, the former Studio School Director resigned to take another position. We are very pleased to announce that Courtney Yamamoto (Milli Moto) joined the Art Center in September as the new Studio School Administrator. Ms. Yamamoto is an experienced educator and has extensive experience with online instruction. Additionally, she is a multi-faceted artist. Under her capable leadership, the Art Center successfully launched 12 virtual classes, including some new offerings, for the fall session that began on September 28, 2020.

Community Engagement

Our community partnership with both the Palos Verdes Unified School District and Los Angeles Unified School District through our Art At Your Fingertips, our Special Mornings, and our Artist Residency program remains strong. We are also proud of our longstanding relationship with the Palos Verdes Library District and the Palos Verdes Friends of the Library. We joined with these organizations this spring for the centennial celebration of the 19th amendment. In addition, the Art Center continues to nurture its relationships with other local organizations such as the Palos Verdes Land Conservancy, the South Bay Botanical Gardens and Sustainable School Gardens.

Exhibitions

The 2019-2020 exhibition season featured 10 onsite and 4 virtual shows. The most notable of our special features was the 2nd PVAC Building Wrap Exhibition, which opened in September 2019 and will continue through year end. As a community art institution, we are committed to supporting our affiliated local artists with juried summer and winter exhibitions. The Art Center also held a career retrospective to showcase the talent of its long-time ceramic instructor. All of the exhibits of the Art Center's 2019-2020 season are available for online viewing. All future shows and exhibitions will include a virtual component.

Membership

PVAC membership is currently 931 households, not taking multiple family members into account. Membership renewals slowed at the beginning of the pandemic, but have increased in response to our renewal outreach efforts. We are grateful to members who renewed promptly, some of whom increased their membership level or made a donation.

Gallery

We are in negotiations with The Artists' Studio to bring their gallery gift shop back into the original space which was most recently occupied by the Stripes Café. The gallery will offer a great selection of one-of-a-kind art pieces.

The Art Center will be celebrating its 90th year next year. We wish to express our ongoing gratitude to all of our community partners and loyal supporters. Your support allows us to continue to fulfill our mission to bring quality arts education to our diverse community on the Peninsula and beyond. We also thank our fine staff for their hard work and dedication. Lastly, Ms. Saxa-Kaneko extended a heartfelt thanks to the Board of Trustees who have so generously shared their time and expertise to us through a challenging year. She looks forward to working with all of you in the coming year.

Treasurer's Report – Allen Lay

Mr. Lay reported that progress has been made in the past several months to stabilize the financial condition of the Art Center, however, more needs to be done to put it back on a stable course for the future. The Art Center's financial challenges began in the 2018-2019 fiscal year and have been exacerbated by the impact of the COVID-19 pandemic. The Art Center took an \$840,000 temporary withdrawal from its endowment fund, which when coupled with proceeds from the 2019-2020 House Raffle, was expected to cover the Art Center's cash needs through fiscal year 2020-2021. The House Raffle scheduled to start in February 2020 was delayed, then canceled due to the pandemic. Further, the Art Center faces a new state regulation that imposes a 10% limit on the amount of ticket sale revenue that can be used to cover the costs of holding the raffle. The remaining 90% of costs must be funded from other sources. This results in a temporary need for \$400,000 - \$500,000 of additional cash to support the raffle, which can then be repaid once the raffle has ended. The intent of this restriction is to ensure that sufficient cash is available to pay any cash prizes awarded under the raffle. As noted in Ms. Saxa-Kaneko's report, steps are being taken to diligently manage the Art Center's cash resources.

In summary, the Art Center's existing bank loan of \$250,000 (from the prior fiscal year) and the \$840,000 endowment withdrawal can be carried over into future years, but approximately \$1,000,000 will be needed to fund operations through June 2021 and to support the House Raffle. The Art Center will be launching a fundraising campaign in early November. The goal of this fundraising campaign is to put the Art Center on a firm financial path to its 100th year. You will be hearing from us in the near future with more details about this important campaign.

Mr. Lay encouraged members who have questions to contact him by phone or email.

Recognitions

President's Citation

Mr. Crocker noted that Mr. Lay has served the Art Center in various capacities, including multiple terms as chairman and president of the Board, chairman of the Finance Committee, chairman of the construction committee, chairman of a fundraising committee that raised \$6,000,000, and is a major donor. Mr. Crocker thanked and acknowledged Mr. Lay for his enormous contributions and tireless efforts on behalf of the Art Center.

Special Recognition Award

Mr. Crocker thanked Linda Grimes for her service as president of the Board this past year. Ms. Grimes responded that it had been an honor to serve as President and thanked the Art Center for all it does to support local artists and art education. She also thanked Mr. Lay for his financial leadership and commitment to community service through

2020 Annual Membership Meeting Minutes

his involvement with the Art Center and the Palos Verdes Land Conservancy. He has been an amazing role model and she is grateful to have had the opportunity to work with him.

Exceptional Volunteer Awards

Mr. Crocker acknowledged and thanked Mary Sheh, George Romaine, Jr., and Geoffrey Wainwright for their significant contributions to the Art Center. Ms. Sheh organized the Membership Matters Group and led meetings to develop a strategy to defeat a proposed amendment to PVAC's bylaws that would have eliminated member participation in the operation of the Art Center. She also worked with Mr. Lay to obtain approval to add six trustees to the Board. Mr. Romaine and Mr. Wainwright are being recognized for ensuring that the Art Center has a strong and well-managed endowment. This is important not only for the Art Center's financial security, but it also gives our donors confidence that their donations are being responsibly managed.

Community Service

Mr. Crocker recognized and thanked the following individuals for their outstanding service to the Art Center:

Evelyn Kita, Chairman, PVAC Patron Membership
Nancy Sewell, Chairman, PVAC Advisory Committee
Sophia Mackiewicz, President, Art At Your Fingertips
Deena Gribben, Co-President, The Associates
Sharon Ryan, Co-President, The Associates
Mary Sheh, President, The Circle
Carolyn Liesy, President, PVAC Artists.

Community Questions

Ms. Yamamoto routed member questions to the individual best suited to answer them.

Question: Carol Martin – She has a 13-year old granddaughter. Does the Art Center offer scholarships?

Response: Ms. Yamamoto – Scholarships are not being offered this term due to the limited class schedule and Art Center closure. She will notify Ms. Martin if they are offered in a future term. Ms. Yamamoto will send Ms. Martin a link for classes in the fall session that may be of interest to her granddaughter.

Question: Ms. Martin – Who should she contact to obtain information on how to exhibit her art?

Response: Ms. Saxa-Kaneko – She will call Ms. Martin on Monday to discuss.

Question: Pat Brown – She just received notification of the meeting yesterday, how were members notified?

Response: Ms. Saxa-Kaneko – Members were notified by multiple emails using the email addresses on file. Email sometimes ends up in spam folders. The meeting notice was also posted on the Art Center's website. Mr. Crocker stated that the bylaws require that the annual meeting notice be sent to members at least 14 days prior to the meeting date.

Adjournment

2020 Annual Membership Meeting Minutes

Mr. Crocker thanked the members for attending and looks forward to seeing everyone at the next meeting in June 2021, hopefully to be held in person in the Atrium.

The meeting was adjourned at 6:17 PM.