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**From:** "Charlie3" <charlie@cdsdetroit.com>

**To:** "E Parcels" <eparcells@ameritech.net>, "Walter Wagoner" <wagoner@wdwagoner.com>, "Ann Parcels Benoit" <annbenoit@mindspring.com>

WILLIAM LYON PHELPS FOUNDATION





Lynda D. W. Bogel, President



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Dear Uncle Bud,





I drove home last Monday from my quick weekend

in Grosse Pointe, to find your letter of 4

October describing the donation you are making

from Charles A. Parcels and Company to the

General Fund of the WLP Foundation, of \$1000

in October and, potentially, of a further

\$2000 in



November and December. Those offerings are

very generous and well intentioned to the work

of the Foundation.





As I understand the terms of your gift, it is

tied to the trustees' work with you to approve

expeditiously a plan for improving,

streamlining the record keeping systems for

the Foundations I think that our morning

together on Monday helps move us along in that

direction; I thank you for your efforts in

explaining so much to me then, for your

graciousness and clarity and patience with me

as I trudge toward understanding. I will

continue communicating with you, and reporting

to the trustees speedily; Gretchen and I will

confer with Ron Tank and Gretchen and I will

report to the joint FinCom, as per the

recommendation of our Boards as to how we

should proceeds I hope, as I know that you do,

that we can soon reach consensus and approval.





As a Director of Huron City Co., I want also

to thank you for volunteering to suspend asset

management fees for the next three months. I

know that the Arms and the Stewarts and Anne

Parcels are actively working toward

purchasing :the Lodge, that they had a

conference call just this week to continue

deliberations. Everyone hopes they can work

that Out, and many of us know the financial

reasons that favor a speedy purchase from the

Company.





I am concerned that you, still wearing

several, perhaps confusing, hats in relation

to the Foundation, might be overstepping some

lines toward the appearance of conflict of

interest In proposing, nay, in announcing

gifts from you-at-CAPCo to the Foundation's

General Fund, you tie them to the Trustees

speedily adopting bookkeeping systems of the

CAPCo office. In light of Mike and Steve's

recent letter about the dangers of such right

hand and left hand giving and taking, think

you'd better reconsider the mode and the terms

of this "giving." Please talk to Norb or to

Mike or Steve, to better understand the

dangers here.





Another topic you mentioned that you would

like to have built a vestibule space onto the

rear of the Church, and that you would

underwrite the costs. I know there would be

strong interest by the Board to consider such

a project. To that end, would you write up a

proposal as soon as possible which the Board

can consider for approval? I am currently

working out winter/spring work projects with

and for Chuck Scheffner, and with Gretchen's

collaboration, for Paul and Henry. Id like to

know all desired projects as soon as possible

so we can divide up their off season time

among the different projects.





In your written proposal, would you estimate

the budget for this addition, the time needed

for its construction, and as much of a pro

forma design as is possible at this time?

Would you also consider giving enough money to

cover not only the costs of supplies and labor

for building the addition but also the cost of

maintaining it into the future?





All best, Lynda





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18 October 1999

Dear Trustees,

Thanks to you all for contributing to an effective, productive Board meeting on 10 October. I'd

like to follow up with *you* on a few issues we visited at that meeting, and communicate with you

about some projects at the museums I hope the Board will approve our undertaking this winter

and spring, with the leadership help of talented family and staff.





Pending Board approval--the procedure I would like to follow for all such museum operations--I have asked Carol

Young and Anne Parcells to work with Chuck Scheffner to design and create two kinds of new

exhibits at the Red Brick Building. Our goals in refocusing these spaces are multiple, and match

exactly overall goals of the Foundation: we want to increase tourism, improve museum

presentation, involve the Huron County community, and encourage repeat visitors. We want also

to clarify the focus of the museums' contents.





With the green light which Board approval will provide, Anne and Carol will work closely with

Chuck Scheffner who will provide the labor during the winter or spring months, as one of his

principle off-season projects.





The new exhibits will transform the introductory experience tourists have, providing them with

displays which focus on what the museums are about by foregrounding samples of exhibits the

other buildings contain. In what has been the Founders room, they will create a vital new display

space, the “hook” Or “grabber,” the display space that gives tastes of the various contents of the

museum village. That's one project. The second project will be designing one of the museum's

first changing or rotating exhibits, probably in the middle room (without disturbing the A. Phelps

murals), and probably, during this first summer of changing exhibits, one of local

photography--local in two senses: provided and exhibited by Huron County photographers and

having our local area as its subject matter.





For the record and for the nomenclature, neither Anne nor Carol would be designated anything

like "curator"; they are family volunteers taking on a volunteer project WITH Chuck and UNDER

his advice, management, and collaboration. We will all stay in touch and consult with one

another.



These projects, if they are approved, will have to be labor intensive and supply-costs-shy: the Foundation-will not have much money for costs beyond the costs of Chuck's time—and Henry and Paul's, when he needs them. So this will take ingenuity in moving around existing display platforms, and so forth, using existing lighting, creating new "signage," of course (but that shouldn't cost much): time for cost-cutting inventiveness, which I'm sure they will all be terrific at. Soon I will forward to you all the proposal from Carol and Anne, along with a proposed budget.

I now have a couple of questions and comments about Charlie III's recent email to all the trustees about revised motions. There is confusion in his email (or I am confused) about the retroactivity of his proposed motions. As I recall, we didn't vote On his motion at the 10/10 meeting, so I don't see how we could retroactively approve (unanimously or otherwise) his reworded motion. Do you mean, Charlie, instead, propose that we act on this revised motion in the near future? .-On what I think of the merits or need for such a revised motion: I understand that the President, by definition

already set in the WLPF By-laws, is the operational manager and officer for the museums, so that  
it is

unnecessary in a motion to lay out or further elaborate on what being in charge of operations means, viz, as

he did in the following: “responsible for overseeing the museum operation and confirming that employee

time and cash expenditures are appropriate and in conformance with a budget approved by the board. The

president will take corrective actions as necessary, report significant issues to the entire board in a timely

fashion as necessary, and report to board members at least quarterly on museum operations. Monthly

timesheets and records of cash expenditures will be forwarded to the president to assist her in carrying out this

responsibility.”





As a matter of procedure, if the Board wants me to follow such a schedule of reporting, I will report to the

Board at our quarterly meetings on museum operations. And we did, I believe, agree at the 10/10 meeting that

the Director's timesheets would be forwarded to me monthly for my perusal and approval.





In short, the Board chose not to enlarge to a committee the job of overseeing the operations of the museum or

supervising the Museum Director. Those are the jobs of the President.



In studying the work of museum trustees, I begin to understand the big job of trustees, and the particular tasks

of the President. I share the following sense of things (and I hope these words will serve as part of my vision

of our shared and different responsibilities which Charlie in a valuable way, has been asking me to

formulate).



## Trustees

- \* establish the museums' vision, mission, and goals.  
    & are responsible for developing the strategic plan.
- \* must approve the annual operating plan and budget
- \* adopt museum policies and set priorities.
- \* monitor (but don't manage) the institution to be sure the goals are met and the guidelines are followed.
  
- \* raise funds, give funds if possible, and solicit special donations for the collections.
- \* promote the museum throughout the community.
- \* assure public accountability.

Effective trustees elevate museums and their staff to new heights. Ineffective and meddlesome trustees drag

the institution and staff down.





The president of the Trustees must (a) provide leadership for the board and (b) serve as both the partner with

and the supervisor of the museum director.





- (a) As leader of the board, the president must help each board member understand and fulfill his or her duties

to the organization. In addition to the basic responsibilities for meeting attendance and thoughtful voting on

policies, each member has something special to offer. The president needs to identify those qualities and help

bring them out for the benefit of the organization.





The president has to conduct productive board meetings, make appropriate committee and task assignments,

and represent the museum to the public.





Sometimes, the president even needs to be a disciplinarian. When board members overstep their authority and

meddle in museum operations, the president must have the courage and sensitivity to intercede and redirect

them toward constructive activities. When members fail to fulfill their promises, the president must call them

to task.





(b) The relationship between the museum president and director is the most sensitive and important in the

entire museum operation. The relationship must be built on mutual trust and respect, and it must remain

focused on the overall mission, of the museum.





The museum director should be able to count on the president to represent the entire board for day-to-day

interpretation of board policies and to offer wise advice on management decisions. Likewise, the president

should be able to count on the director to keep her (or him) apprised of operational concerns and to reflect

astutely on matters of policy. This interaction takes place within the context of the ultimate authority of the

president to oversee and evaluate the director.





The president and director must work together as partners, sharing information and supporting each other.

However, the president also supervises and evaluates the director on behalf of the board. The dynamics of this

relationship shape in part the success of the museum. I am continuing to explore ways to make this a

successful partnership.





Going back to (a), I am also eager to make effective task assignments to board members, We are all volunteers

with busy lives beyond the museum. Our time is valuable, and competition for our attention and service is

intense. To keep us focused on the museum and the board's role, our meetings must be meaningful and

productive, and our assignments to committees and other tasks must be made clearly and carefully. I hope to

handle these responsibilities more efficiently and effectively as I go on learning this new role. I hope also to set

us all on clear and clearly defined courses, so that our replacements, in the near and far future, will easily learn

how to step into trustee positions.





The ad hoc task force examining the costs to the Foundation of managing the pass-through funds will report

their findings and suggestions, for passing along those costs to the donors/users, well before our Annual

Meeting. Thanks to Steve, Katy, and Norb.





I have requested that Uncle Bud and Katy write a full description of the recordkeeping system changes their

office would like to initiate. Gretchen has conferred with them several times; I met with Gretchen, Bud, and

Katy for a productive morning the day alter our Board meeting. And, although I understand with greater

clarity the changes they propose, it behooves us all to have an exacting description in writing--effectively an

analysis of precise changes, with a diagram comparison showing what they're currently doing and what they

would change to do, with an evaluation of the pros and cons, the gains and losses. We will then submit for

discussion their proposal to the joint FinCom, before returning to the Boards for discussion and approval.







All best wishes, and I welcome any responses, advice, discussion **On** these and other topics.











Lynda





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Dear Trustees,

In advance of our phone meeting on Sunday, October 10 (at 5 p.m.), and our

discussion of the newly proposed fee structure, from CAPCo., I'd like you all to

read this letter which I have received from Mike and Steve.





Yours,





Lynda

Lynda Bogel

President, Board of Trustees



William Lyon Phelps Foundation







October 3, 1999







Dear Lynda





As you know, this past Wednesday Steve Parcels and I attended the opening day

session of the AASLH (American Society of State. and Local History) annual

convention in Baltimore. In the afternoon, we attended a seminar for trustees of

non-profits entitled "The New Work of the Board" and taught by consultant

Wayne Clark. During the four-hour "interactive seminar," we participated along

with about thirty other directors and trustees from museums and foundations all

over the United States in an in-depth review of organizational structure, board

functions (and dysfunctions), strategic planning, fund raising, and the like. We

plan to make brief presentation of what we learned to the entire WLP Foundation

Board at our next in-person meeting.





Meanwhile, however, there is an issue that arose out of this seminar that we feel

must receive more immediate attention from our Trustees. Near the end of the

session, Mr. Clark passed around several scenarios involving problems that arise

for a typical museum board and asked seminar participants to help solve them.

One such scenario involved a conflict of interest issue on a non-profit board. In

brief, the scenario went like this:





A small history museum 'plans to launch a new project One of the officers of the

Board, the owner of a. printing company, takes it upon himself to design and

produce a beautiful six-color brochure of the new project and, several weeks

later, presents It to the Board as a finished product, along with a bill from his

company. At this point one Board member inquires about price tag, stating that

she assumes that the company did the job at cost, for otherwise there would be

the appearance, at least, Of a conflict of interest. The Printer/Board Member said

that he had charged the "usual markup" and didn't see the problem. Another

Board member asked why the Board hadn't been consulted *first*, so that it could

have specified a particular product that it wished to purchase, set a budget, asked

for competitive bids from other printers, etc., thus keeping the transaction “at

arm's length.”





At this point seminar members were asked to discuss this scenario and try to

resolve the problem. We unanimously agreed that the Printer/Board member had

been out of order, that in a 501(c3) (non-profit) organization, even the

appearance of a conflict of interest is a serious matter, and that in this case there

was in fact a real conflict of interest. We voted to deny profit-driven

participation in all future museum projects to any member of the Board and to

censure the Printer/Board member. later, the seminar leader told us that in the

real life situation, the Printer/Board member was eventually asked to resign from

the Board.



As Steve and I worked through this exercise with the rest of the seminar, we

could not help drawing the analogy between this simulated situation and the real

dilemma that the WLP Foundation Board presently faces. Two of our Foundation

members, the Board Chair and the Treasurer of the Foundation, are also the

President and Executive Vice President of the company that provides our payroll

and tax services, bookkeeping, accounting, and other financial services. Our

Board has just been presented with a dramatic increase in fee structure neither for

these services, art increase that was not presented to the Board--nor to any

committee or any officer of the Board--for negotiation or discussion of any kind.

No opportunity was provided to seek competitive bids for the services in

question, thus to insure that the proposed fee structure was fair and “at arms

length.” And in fact, no specific item-by-item accounting of services to be

rendered (and the proposed cost of each.) has been forthcoming from the

financial services company, thus leaving the Hoard with almost no means of

assessing the appropriateness of the new fees.





In light of our recent review of conflict of interest standards for non-profit

organizations, Steve and I both strongly recommend that the WLP Foundation

assess its present relationship with CAP & Co., particularly with regard to the

recently announced changes in fee structure. We further recommend that if in

fact such conflict of interest is found to exist, the WLP Foundation Board take all

necessary steps (renegotiation, seeking of competitive bids, etc.) to rectify the

situation.





Respectfully submitted,









Myron Arms



Steven Parcels





