



Art Museum Image Consortium
www.amico.org
Enabling Educational Use of Museum Multimedia

Board Briefing Package
(confidential)

November 17, 2003
10:30 am – 12:30 pm

AMICO
7th Floor, Robarts Library
130 St. George Street, Toronto, Ontario, Canada

Or By Conference Call

Prepared by J. Trant, AMICO Executive Director.



BOARD MEETING

November 17, 2003
10:30 am –12:30 pm

To attend in Person

AMICO's Office
7th Floor, Robarts Library
130 St. George Street, Toronto, Ontario, Canada

Logistics: Please enter Robarts Library via the exterior stairs to the second floor. From there, pass through security and take the elevator (not the escalator) to the 7th floor. When leaving the elevator, bear left, and follow the signs to AMICO's offices.

To attend by Conference Call

North America:

*The number for the conference line is 1-800-375-9259
The confirmation number is C1500984
An agent will answer your call and will connect you to the conference line.*

International:

*The number for the conference line is 008 011 20012
The confirmation number is C1500984
An automatic voice system will ask for the name of the provider; the provider is "BELL CANADA".
An agent will then answer your call and will ask the number you wish to dial; the number is 416-406-9842.*

*Note: At anytime, should you require assistance, press *0.*

Agenda

1. **Call to Order and Review of Agenda (Conforti)**
2. **Minutes from Last Meeting (Reid)** **ACTION:**
Approve Minutes
Attachment: Draft Minutes of Meeting September 18, 2003
3. **Treasurer's Report (Conforti)**
4. **Transition Committee Report** **ACTION:**
Approve Direction
Verbal Report on Recent Discussions with ARTstor
5. **Schedule for AMICO Activities** **ACTION:**
Adopt Schedule
6. **Next Board Meeting** **ACTION:**
Set Date
7. **Other Business**
8. **Adjournment**



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BOARD MEETING

Thursday, September 18, 2003
10 am – 3:30 pm

AMICO
7th Floor, Robarts Library
University of Toronto
130 St. George Street, Toronto, Ontario, Canada

Attendance:

- **In Person**
 - Jacqueline Allen (Dallas Museum of Art)
 - Daniel Amadei (representing Pierre Théberge, National Gallery of Canada)
 - Maxwell Anderson, Treasurer (Whitney Museum of American Art)
 - Mark Jones (Victoria & Albert Museum)
 - Shell Hensleigh (Detroit Institute of the Arts)
 - Susan Chun (Metropolitan Museum of Art)
 - Leonard Steinbach (representing Katharine Lee Reid, Cleveland Museum of Arts)
- **By Telephone (for parts of the meeting)**
 - Michael Conforti (Sterling and Francine Clark Art Institute)
 - Katharine Lee Reid (Cleveland Museum of Art)
- **Staff (Ex officio)**
 - Jennifer Trant (Executive Director)
 - Christine Steiner (General Counsel)
 - David Bearman (Director, Strategy & Research)
- **Regrets**
 - Betsy Broun (Smithsonian American Art Museum)
 - Robin Dowden (Walker Art Center),
 - Alan Newman (Art Institute of Chicago)
 - Harry S. Parker III (Fine Arts Museums of San Francisco)

1. Background Documents

Members were referred to the Briefing Package distributed electronically prior to the meeting.

2. Call to Order and Review of Agenda

The meeting was called to order by Maxwell Anderson, AMICO's Treasurer at 10:30 am.

Anderson began by noting that the Board had the sad duty of accepting the resignation of its Chair, Elizabeth Broun. As Treasurer, Anderson was the senior officer present, and he chaired the meeting.

Anderson moved that the AMICO Board pass a Resolution of Thanks to Elizabeth Broun, Director of the Smithsonian American Art Museum, for her service as AMICO's Chair. Betsy's leadership and strong support for AMICO followed on from that of Harry Parker of the Fine Arts Museums of San Francisco and Sam Sachs of The Frick Collection, and provided an example to all AMICO Members. The motion was seconded by Shell Hensleigh, and passed unanimously.

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Anderson then reviewed the schedule for the meeting. He noted that Susan Chun was delayed and, as Susan's input was critical to the Report of the Transition Committee, it was recommended that the Board discuss the Transition Committee's report after Susan's arrival.

By concurrence, the Agenda was revised, including the conference call-in part of the meeting.

3. Minutes from Last Meeting

The Board carefully reviewed the minutes from the May 7, 2003 Meeting at the San Diego Museum of Contemporary Art. These were first circulated on May 23, 2003 and were also included in the Briefing Package for this meeting.

Anderson noted that the minutes summarized the Board's discussion of the proposal from ARTstor, and recorded its reactions and recommendations. He recommended that the Board make a full review of the content of the minutes, point by point, to ensure that all Board Members agreed with the characterization and presentation of the summary.

Anderson noted that the Board addressed the specifics of the ARTstor proposal as presented in the letter from Neil Rudenstine, and agreed that emendations should be introduced as we moved towards a final agreement.

The Board then read through the minutes in detail. Daniel Amadei felt that the minutes as drafted fairly represented the meeting, and felt that it should be noted that the Board introduced the various qualifications to an acceptance of the ARTstor proposal. All concurred.

Christine Steiner informed the Board that she had reviewed the draft minutes against her notes, and found them consistent.

Max Anderson moved the Adoption of the Minutes. Daniel Amadei seconded. All approved.

Following the approval of the minutes, Leonard Steinbach posed a query about the dynamics of the AMICO Members Meeting, where the Members were asked to respond to the Board's challenge, and discuss how to implement the integration of AMICO's activities within ARTstor. He also asked about the dynamics of the Transition Committee discussions with ARTstor.

Jennifer Trant noted that a full report of the Members' Meeting had been circulated to all AMICO Members (and Board Members) first in draft (on May 13, 2003) and then in final form on the AMICO Web site (incorporating changes from B. Broun in June 2003).

David Bearman presented a summary of the Members Meeting, at which members and staff strove to work with ARTstor to develop an action plan. Each of the working committees: Editorial, Technical, Rights and Users drafted a detailed plan for possible future action.

The discussion of the Rights Committee was the most difficult, as AMICO's rights are not transferable. Rights Committee Members considered how to transition rights to ARTstor while maintaining their relationships with artists and other museums. The scenario is difficult: AMICO's licenses with Members need to become ARTstor licenses with museums; Members licenses with artists and others for use of their works in The AMICO Library need to become licenses for use with ARTstor. (In this latter regard, concern was expressed that co-mingling works where rights were cleared explicitly with reproductions that relied on 'fair use' might be problematic for relationships with artists.) It was at this point that the possibility of ARTstor distributing The AMICO Library was introduced. All agreed that if The AMICO Library remained as a distinct title within ARTstor (just as the *Illustrated Bartsch* does) then the rights do not need to be renegotiated.

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Jacqui Allen (a member of the Rights Committee) concurred with this summary of the discussion. Christine Steiner (who was also at the Rights Committee meeting) also felt that this summary well represented the meeting.

In the Rights Committee, and in all other AMICO Committees, no change in the relationship with ARTstor approved by the Board was discussed or suggested.

Trant noted that at several points during the meeting ARTstor senior staff (James Shulman and Gretchen Wagner) and AMICO senior staff (Trant, Steiner, Bearman) touched base to be sure that we were all in agreement. James Shulman's one expressed concern about this scenario was that AMICO had ruled it out for financial reasons. (AMICO staff was under the impression that ARTstor had ruled it out as licensing content was not part of their content development model.) We agreed that it offered the most straight-forward way to transition.

The Report of the Transition Committee was postponed until Susan Chun arrived.

4. Treasurer's Report

Maxwell Anderson introduced the financial documents circulated in the Briefing Package for the meeting, and called the Board's attention to the audited financial statement now available for last fiscal year.

- **Audited Financial Statement for FY03**

David Bearman drew the Board's attention to several key differences between the audited statement and the summary of FY03 actual expenditures circulated before the meeting. Specifically, a number of adjustments have been made to the fiscal year in which income is credited, to account for the portion of collected subscription revenues that apply to services delivered in the future. This Unearned Income has been moved into the FY04 fiscal year by the auditor. For this reason, the cumulated liabilities on the audited report are higher than on the FY03 summary distributed.

The Board's attention was also drawn to the auditor's notes regarding the financial statement. These explain the basis for the accounting and the assumptions upon which the auditor's judgments were based.

It was moved by Mark Jones and seconded by Jacqui Allen that the financial statements be adopted. All agreed.

- **Financial Scenarios for FY04**

Discussion then moved to the Financial Scenarios for FY04 prepared by staff at the request of the Treasurer.

FY04 Ongoing with ARTstor: This was the budget adopted by the Board in May, predicated upon the integration of AMICO's within ARTstor, and including an operational subvention that enabled AMICO to satisfy its obligations from the balance of subscription income. The assumption was that we would have a final agreement with ARTstor by our target date of June 7, and that would enable the development of a final FY04 operating budget. Payment of rebates to Members by September 2003 was assumed as was the support of the 2004 AMICO Library contribution cycle.

FY04 Minimal Operations: As a final agreement was not reached with ARTstor prior to the commencement of this fiscal year, the Transition Committee recommended that AMICO minimize its obligations and develop a budget for FY04 that reflected minimum possible expenditures. All contracts were terminated (Wetterlund) and notice was given to all non-essential staff (Sayre, Josephy). Only an Administrative Assistant (Ganni) was retained to process Subscriptions. Trant and Bearman were asked to take leave over the summer, in order to reduce a significant cumulated leave

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liability. AMICO is now operating under this budget, which does not provide for Members' Rebates, and does not include support for 2004 AMICO Library contributions.

ARTstor Acquisition January 1, 2004: Over the summer, a scenario was developed during discussions between ARTstor and the Transition Committee that posited that ARTstor take over AMICO's operations as of January 1, 2004, with a \$100,000 payment. This scenario explores the implications on income and expenses of a changeover on that date.

Other Scenarios: The remaining scenarios were developed to enable the Board to understand the budgetary implications of the varying courses of activity open to AMICO:

- *2004 Minimal Operations Ongoing:* This scenario summarizes costs necessary to continue distributing The AMICO Library through June 30, 2004, assuming that it would remain available beyond that point, but no content would be added. No production staff is added, and program costs are minimal.
- *2004 Ongoing Operations with 2004 Library:* Should AMICO wish to continue ongoing, independent activity and add to The AMICO Library in 2004, additional staff and production costs would be incurred.

Members' Rebates: All of the scenarios above, with the exception of the "Ongoing with ARTstor" option treat the rebates due AMICO Members in September 2003 as a liability, along with other liabilities. Depending on the scenario adopted, paying rebates will be more or less pressing. Continued contributions are likely dependent upon it.

Discussion: Mark Jones noted that at its January 2003 meeting the Board had expressed concern that AMICO was not viable as an organization. The financial projections presented point to an organization that could support ongoing operations. He asked if projections had been made into 2005 and beyond.

Staff replied that projecting any further at this point seemed impossible, given the uncertainty about the level and nature of AMICO's future activities.

Jones noted that AMICO had shown that there was value in museums collaborating in the digital area, and that producing fruitful results.

The Board agreed, and noted that the bigger question was not whether AMICO could survive another fiscal year, so much as whether the consortium could maintain internal consensus and the will to collaborate in a changing climate.

5. Board Processes

Max Anderson noted that his position with the AMICO Board will regretfully have to come to an end when he leaves the Whitney Museum of American Art on September 30, 2003. The Board will need to name new interim officers to us forward. The next election of AMICO's officers is scheduled for early 2004.

Christine Steiner summarized the requirements for governance in AMICO's bylaws. Board members are elected by the Members, and must be drawn from institutions that are Members in good standing of AMICO. AMICO's officers are elected by the Board, and must drawn from the membership of the Board. AMICO's officers are: Chair, Vice-Chair, Secretary and Treasurer. The Chair and Vice-Chair must be different people, and the Secretary and Treasurer must be different people.

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6. Transition Committee Report

With Susan Chun present, discussion moved to the report of the Transition Committee, named by the Board at its May meeting to complete negotiations with ARTstor. The members of this committee were Betsy Broun, Maxwell Anderson and Susan Chun.

Susan Chun, on behalf of the Transition Committee, reported the history and status of negotiations with ARTstor. Following the AMICO Board and Members' meetings, ARTstor moved away from the implementation scenario developed at the Members' Meeting, as discussed above.

The Transition Committee communicated the need for a speedy resolution to discussions and ARTstor was informed, in advance, of the decision to adopt a minimum operations budget. Over the course of the summer, the Transition Committee and ARTstor explored various models for collaboration.

ARTstor requested that the Transition Committee endorse a proposal, and that it be sent simultaneously to both the AMICO and ARTstor Boards. The Transition Committee reached an impasse as not all members could agree that the proposal reflects the value of AMICO's assets and future income.

Concern was expressed that the negotiations with ARTstor were not balanced: members of our Board were talking with ARTstor staff, AMICO staff was excluded at ARTstor's request, Counsel participated in discussions on behalf of ARTstor but not AMICO, and the ARTstor Board was not involved.

7. Executive Session

At this point the Board moved into Executive Session. Trant and Bearman left the meeting.

Katharine Lee Reid and Michael Conforti both joined the Executive Session by telephone.

• Transition Committee

Susan Chun, on behalf of the Transition Committee, further reviewed the history and status of negotiations with ARTstor.

The Board/Transition Committee rejected the latest proposal from ARTstor because, as noted by the majority, the proposal was not advantageous. The Board agreed, and discussed ways to revive the process.

The Board appointed two members to the Transition Committee:

Katharine Lee Reid, replacing Elizabeth Broun, and
Michael Conforti, replacing Maxwell Anderson.

The Board asked the Transition Committee to contact Neil Rudenstine, Chairman of ARTstor at its first opportunity, in order to continue discussions with ARTstor, and expressed the expectation that the Committee will conclude its business within the next few weeks.

• Governance

The Board selected officers to existing vacancies and to the upcoming vacancy created by the October 1 departure of Maxwell Anderson. The following officers were selected to fill the unexpired portions of the following terms:

Chairman: Michael Conforti
Vice-Chairman: Katharine Lee Reid

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Secretary: Katharine Lee Reid
Treasurer: Michael Conforti

• **Next Meeting**

The next meeting of the Board will be convened by conference call, with required advance notice, following discussions with ARTstor.

8. Adjournment

The meeting of the Board of Directors concluded at 2:30 pm. Trant and Bearman did not rejoin the meeting.

3. Treasurer's Report

- **To Be Distributed at the Meeting**

4. Transition Committee Report

- **To Be Presented Verbally**