

BINGHAM, DANA & GOULD
150 FEDERAL STREET
BOSTON, MASSACHUSETTS 02110

TELEPHONE: (617) 951-8000
TELEX: 275147 BDGBSN UR
CABLE ADDRESS: BLDGPHAM BSN
TELECOPY: (617) 951-8736

WASHINGTON OFFICE
(202) 622-8320

ROUTE 128 OFFICE
(617) 890-0922

CAPE COD OFFICE
(508) 420-0263

LONDON OFFICE
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January 28, 1989

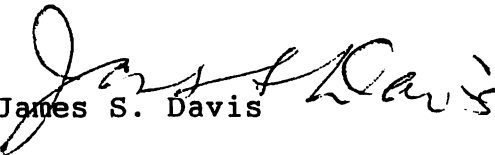
To the Board of Directors
of the Computer Museum

Re: February 17, 1989 Meeting

As clerk of the Museum, I am sending you this notice of the next board meeting at 10:00 a.m., February 17, 1989, at the Museum.

I am also enclosing a copy of the minutes of the last meeting.

Sincerely,


James S. Davis

ed/2087u
Enclosure

THE COMPUTER MUSEUM, INC.

Meeting of the Board of Directors
of the CorporationMINUTES

November 4, 1988

A quorum being in attendance, the meeting was called to order by Gardner C. Hendrie, Chairman of the Board of Directors. Other directors in attendance were: Gardner Hendrie, Joseph Cashen, Gwen Bell, David Chapman, David Donaldson, Jon Eklund, Richard Greene, Max Hopper, August Klein, James McKenney, Laura Morse, David Nelson, Russell Noftsker, Nicholas Pettinella, Jonathan Rotenberg, Jean Sammet, Edward Schwartz, Naomi Seligman, Paul Severino, Hal Shear, Irwin Sitkin, Ron Smart, William Spencer.

Also present was James S. Davis, Clerk.

I. Minutes of the last Board Meeting. Upon motion duly made and seconded it was

VOTED: To accept the minutes of the last Board Meeting as previously circulated to the Board of Directors.

II. Executive Director's Report. Joe Cashen, Executive Director, gave a report on the developments since the last meeting.

The lease with DEC has been extended. The Museum's original option to purchase its space had expired on March 31, 1988. The Museum had made a proposal to DEC

for a four-year extension, with the Museum picking up operating and mortgage costs starting April 1, 1988. DEC eventually granted a five-year extension beginning on November 1, 1988. DEC will have the power to revoke the extension if certain financial obligations are not met by the Museum.

Cashen referred to the strengthening of the Museum staff, including the addition of Adeline Naiman as Director of Education, an appointment generally commended by Cashen and by all others who had worked with her. A new Director of Development was being hired; and a fund-raising consultant, Janice del Sesto, is continuing to assist with the development efforts. The Computer Bowl was praised as being the most successful fund raiser to date for the Museum, having also given it national exposure and opportunities for additional exposure in the future.

New exhibits include "The Interactive Image" which opened on the weekend of the Board Meeting; "Terra Firma in Focus" to open November 29 (relating to satellite imagery); and the first travelling exhibit, "Computers in the Pocket".

The breakfast seminar program had begun again and was considered successful; and there is a Sunday afternoon lecture series.

Cashen discussed the Museum's financial challenges which he felt could be met but indicated that

more hard effort was needed. He emphasized the new building costs recently assumed by the Museum as part of the DEC lease agreement.

Jean Sammet asked that the reports of the Executive Committee be sent monthly to the Board members, to which Ed Schwartz agreed.

III. Report of the Finance Committee. Jim McKenney pointed out that the Museum had broken even in the first quarter on a cash basis and will try to continue to do so, although he stated that the Museum could not last without acquiring more capital.

Nick Pettinella indicated that the first quarter performance had been consistent with the projected budget. (See attached Exhibit A). The Museum is operating in as lean a way as possible, while still making investments in its educational programs and in increasing public awareness. Assumed operating costs of the building and of the mortgage have resulted in an annual increase of more than \$500,000 in expenses. The Museum will try to offset this increase by achieving its capital campaign goals and thereby building a new income stream.

Ed Schwartz indicated that the fiscal 1989 operating fund budget of \$1.1 million includes \$500,000 for expenses relating to the building. Therefore, he felt it was necessary to ask whether the Computer Museum was located

in the right place: are there alternate locations? This is an issue which will be considered by the Executive Committee if the added costs of maintaining the Museum in its present location cannot be offset by using that site to the financial advantage of the Museum. Operating costs could be less elsewhere.

IV. The Computer Bowl.

Jan del Sesto, Program Developer, described the Computer Bowl's goals, successes and future potential.

Its goals had been two-fold, to raise money and to increase recognition of the Museum's international status and the fact that it is the only Museum devoted to computer history. Its gross receipts were \$179,205 and the net should be around \$100,000. (See attached Exhibit B). 32% of its support came from the Board of Directors. She placed a value of more than \$1,000,000 on the media coverage, considering what it would have cost the Museum to buy it. She spoke of the significant, positive reaction and competition among potential sponsors for association with the Computer Bowl, and particularly commended Pat Nelson, Gwen Bell and the Board for their assistance in producing the event. She projected potential total revenues of \$756,000 for the next Bowl which might be held in 1990.

A question was raised as to whether the Museum could derive licensing fees from renting the "package" that

had been put together for the Computer Bowl (it has trademark protection), or by hiring out its staff to help others run comparable events.

There was a discussion of whether there should be a Junior Bowl, perhaps held every other year when the Computer Bowl was not being held; and there was a suggestion that the Junior Bowl not just focus on quick response competition but also be educational for those in high school or college who would participate.

The question was raised as to whether the tape of the Bowl should be marketed: for example for sale to computer companies for use in their cafeterias. It might also be given or rented on a low rent basis to computer societies and might be advertised for sale in the Computer World.

Naomi Seligman commended those who participated.

Upon motion duly made by Gwen Bell and seconded, it was:
VOTED: To thank all of the volunteers who participated in the Computer Bowl with citations to the following:

Steve Coit who came up with the original idea and questions;

Andy Rappaport who signed on to co-chair;

Pat Nelson who became the National Chair and will insure that we have an on-going program;

Trish Simeone who gave up summer vacation to expedite activities;

The Public Relations Committee of professionals who gave of their time to make the Bowl an event of international note.

Chris Morgan who wrote the script for the rehearsal, the extra questions for all the pr teasers; saved the best for the show itself; and spent 30 long minutes trying to entertain an audience trapped in an auditorium while the crew worked to get the satellite feed to the West Coast;

The West Coast Entertainers - John Doerr, Gordon Bell, and Saint Silicon who sweated out the 30-minutes in California of entertainment without a satellite feed;

The West Coast Committee co-chaired by Jim and Nancy Anderson and John and Ann Doerr, that made our first West Coast Event possible and their committee, plus the extraordinary help of the offices of Merrill, Pickard, Anderson and Eyre, Kleiner Perkins Caulfield and Byers, Ardent Computer, PCW Communications and Sun Microsystems.

Stewart Cheifet, executive Producer of Computer Chronicles, who came to us after the first press release hit and made our television dream come true;

Alan Symonds who took vacation to design and build the set;

Michael Callahan who worked wonders with sound;

Sponsorship Consultant, Jan del Sesto, whose vision led us all and whose efforts were far beyond the contractual;

The entire East Coast Committee, a cast of about one hundred that made the event work;

The Staff who worked extraordinarily long hours to make the event happen: Mark Hunt, Gail Jenness and Linda Holekamp who implemented the PR effort; Kathy Keough who made the evening flow smoothly with food and drink; and Tom Merrill and Dan Griscom who worked on the set;

Our very special Examiner - Will Hearst! and the judge - Mike Perkowski;

And finally, the players who put themselves on the line for an event equivalent to the "Presidential Debate of Computing": David Bunnell, Adele Goldberg, Bill Joy, Allen Michels, and Casey Powell for the West, Esther Dyson, Mitch Kapor, David Hathaway, Bill Poduska, and Dick Shaffer for the East.

Upon motion duly made by Dave Donaldson and seconded,
it was:

VOTED: To add Gwen Bell's name to her own motion to be commended as "the person who drove [the production of the Computer Bowl] from within".

V. Future Issues: The Next Two Years. Gardner Hendrie outlined concerns which he felt the Museum should focus upon for the next two years.

He stated that he felt that more energy needed to be focused not on just raising money, but on developing the Museum's potential as being the world's outstanding Museum of computing and computing history. There is no other museum exclusively devoted to these purposes; this one has the largest collection on the subject and perhaps the largest exhibit space. Although the collection is outstanding, most of it is not on view.

He noted that attendance figures over the last three years have been level.

As priorities, he spoke of:

(1) the need to build a national awareness of the Museum's existence and its being the premiere place to see the history and future of computing. He felt that it needed a "critical mass" of exhibits.

(2) He felt that it needed two major new exhibits of the size and quality of the Smart Machines exhibit, which could help generate support and funding.

(3) He spoke of the need to increase annual gifts with a goal of doubling corporate membership over the next two years.

(4) He outlined the capital campaigns past and future objectives, as follows:

	<u>Goal</u>	<u>Pledged</u>
6 Mos. of Fiscal 1987	\$ 580,000	\$ 310,000
Fiscal 1988	\$1,270,000	\$1,148,000
Fiscal 1989	\$1,100,000	Negligible
Fiscal 1992	\$8,600,000	

The floor was then opened for brief comments by the Board of Directors. Each of them spoke in turn.

Schwartz: The Museum needs a new team of players from the Board of Directors to serve on the Executive Committee since the present team is "aging" in terms of length of time devoted to the Museum and commitment.

Noftsker: spoke of reliance upon the staff to come up with new ideas for exhibits which the Board of Directors would then support.

Greene: suggested of finding a way to use potential exhibit items now in storage.

Sitkin: following up on the above comment, he suggested that some items might be sent elsewhere for temporary exhibit. He also questioned whether new signage was needed, perhaps on the roof of the Museum.

Smart: suggested considering an exhibit geared to what DEC is now doing.

Spencer: suggested a Computer Bowl every year due to its high success.

Rotenberg: questioned whether the Museum was trying to be an industry museum or a public museum. He suggested that it needs to rethink how it is going about achieving its educational/public functions.

Shear: suggested emphasis on the Museum's educational aspect in the broadest sense of that term, including interaction with universities and educators in the area.

Donaldson: commended hiring Adeline Naiman as a big step forward in the educational area and suggested making that function a more nationally oriented one.

Klein: mentioned the low awareness of the Museum even in the Greater Boston area. Suggested building on the Computer Bowl. Also suggested that the Museum take a public leadership position by making a statement against the recent outbreak of "computer virus". Also thought there was too great a degree of permanence in the Museum's exhibits.

Seligman: asked why the attendance was level and why we should not "fence straddle" on whether the Museum is an industry museum or a public museum.

Hopper: sees the Museum as a combination of both public and industry. Suggested more attention to the

history of the pioneers of the industry, including their anecdotes, biographies, video tapes, etc..

McKinney: suggested pursuing use of available space for more exhibits and trying to increase IBM's participation.

Pettinella: emphasized the Museum's unique position as a guardian of the history of the industry, this being the main way by which it distinguishes itself from other institutions. Also emphasized the need for more capital.

Bell: called for more involvement of the Board members.

Morse: said that suggestions are needed for breakfast meetings and for corporate sponsors.

Severino: echoed Gardner Hendrie's comments on the Museum's next two years and called for more commitment from the Board in terms of time and money.

Nelson: finds the Museum too focused on the East Coast and Boston, and feels it needs to concentrate as well on the West Coast, Europe and Japan, perhaps with annexes.

Chapman: raised a question as to the nature of the Museum's market and emphasized the need to "commercialize" the Museum by focusing on that market. The Museum should utilize the trade press, local hotel management, travel agents, the City of Boston, convention planners, etc.

Eklund: suggested taking a poll in Boston, as to the problem with attendance: is it lack of awareness of the Museum or something different? Sees the Museum as more

creative than the Smithsonian in its particular area, and thinks it can be both a public and an industry museum. It must be aware that the computer business is part of the communication industry and the Museum needs more emphasis on communications.

Sammet: agrees with Pettinella's comments that history is the discriminating factor in the Museum's existence. She was not hopeful that any other exhibit could approach the appeal of the Smart Machines' exhibit. Suggested adopting quiz shows on the premises to attract repeat visitors, (perhaps with different levels of difficulty) and which might be taken by visitors before and after they tour the Museum (quizzes which might relate to both the exhibits and other matters). Notes Boston's high degree of competitiveness for raising cultural money, but also notes that there is ample money for such purposes in this area.

Schwartz: feels that the Museum needs a new five year team: its first five year team created it, and its second team made it public. Now it needs its third team.

Other general comments called for more interaction between the Board and Executive Committee, and perhaps a reconsideration of the policy statement.

VI. Future Meetings.

There was tentative discussion of changing the future meeting dates, which have now been set at:

February 17, 1989, 10:00 a.m.
June 23, 1989, 9:00 a.m.
November 3, 1989, at 10:00 a.m.

VII. Educational Programs. In Adeline Naiman's absence, Michael Chertok described developments in this area.

He mentioned calls and letters from teachers and students asking for information, tapes, and help on school projects. He mentioned the commitment of himself and Naiman to the Museum's goals of the history of computing and hands-on education, and would like to see an increased fusion of the educational and exhibit functions of the Museum.

A grant has been received from the Massachusetts Council on Arts and Humanities to bring students to the Museum free of charge. Presentations are made before the tours to help introduce the students to the Museum. A copyrighted educational packet has been developed by him, which has been sent out with travelling exhibits for use by other educators. An educational kit has been developed and passed out to groups touring the Museum; and there are new tele-marketing techniques being developed to reach schools, as well as attempts to forge new ties with teachers and educational groups. An outreach program to fifty schools, relating to robotics, was begun last year. Outside educational advisors are also being consulted.

(A suggestion was made by one of the Board members that educators beyond the Boston area be contacted, to try to develop the Rhode Island and Connecticut markets and potentially get grants from those states.)

A personal computer resource center may be set up in the summer with interns and school children participating.

There are many requests for help in the area of teacher training. They would like to begin a "pace-setter project", a prototype classroom for training teachers by the Museum staff, utilizing today's hardware and software. The room could also be used during regular visitation hours by the visitors to the Museum and for other educational functions.

He mentioned the National Educators' Computing Conference to be held in 1989 in Boston, of which the Museum would be a co-sponsor and a host for some events.

VIII. Exhibits. Gardner Hendrie emphasized the need to develop new exhibit areas and to develop a policy on exhibits.

The Museum's market consists of:

- (1) Computer knowledgeable adults and professionals;
- (2) Other adults; and
- (3) Young people.

He also suggested a possible allocation of exhibit space according to major themes, as follows: 25% based on history; 10% based on individuals in the computing field; 10% based on how computers work; and 55% on computer applications. He recognized that there is an overlap among

these areas. He also suggested a need to develop a broader geographical scope for the Museum's audience, including more travelling exhibits and kits available to the public. He suggested a goal of one major exhibit each year with two temporary exhibits each year.

Oliver Strimpel mentioned the following goals for particular exhibits:

1. A history of computing in the entry bay which could be composed of a series of vignettes (for example: why a particular process was developed in response to specific needs at a given point in time).

2. the Sage exhibit: permitting visitors to walk through a computer of the 1950's.

3. a personal computer exploration center with taped interviews of their creators and a focus on how they can be utilized.

4. "The Network Society": relating to the large scale, invisible uses of computers in ways which hold society together. For example: airline reservation systems; automatic teller machines; airline flow control systems; manufacturing uses; supermarket check-out.

Jean Sammet urged that none of the exhibits display the obvious applications of computers which we all know about and use.

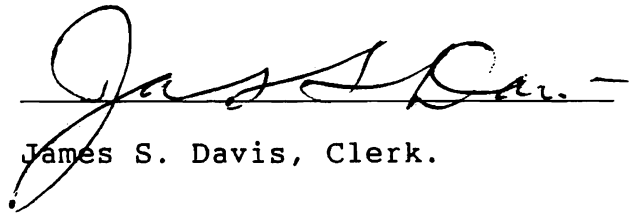
Eklund thinks that one major exhibit each year may not be realistic and feels that permanent Smart Machines and Sage exhibits would provide an anchor to bring visitors back.

IX. Adjournment. There being no further business to come before the meeting, upon motion duly made and seconded, it was:

VOTED: To adjourn.

A true copy.

Attested.


James S. Davis, Clerk.

THE COMPUTER MUSEUM, INC.

Financial Statements

For the First Quarter ended 9/30/88

THE COMPUTER MUSEUM
STATEMENT OF REVENUES AND EXPENSES
COMBINED OPERATING AND CAPITAL FUNDS
(\$ - Thousands)

	9/30/87 ACTUAL	FOR THE THREE MONTHS ENDED				ANNUAL FY 1989 BUDGET
		BUDGET	9/30/88 ACTUAL	FAV (UNFAV)		
REVENUES:						
Operating Fund:	318	270	273	3	1%	1,103
Capital Fund	85	63	54	(9)	(19%)	1,169
Total Revenues	403	333	327	(6)	(3%)	2,272
EXPENSES:						
Operating Fund	293	408	375	33	8%	1,433
Capital Fund	121	128	121	7	5%	810
Total Expenses	414	536	496	40	7%	2,243
NET REVENUES (EXPENSES)	(\$11)	(\$203)	(\$169)	\$34	16%	\$29

SUMMARY:

For the 3 months ended September 30, 1988 the museum operated at a deficit of (169K) compared to a budgeted deficit of (203K). As of September 30, 1988 the total cash and cash equivalents (short-term investments) amounts to 420K.

OPERATING: Revenues were 1% above budget due to mainly strong Computer Bowl and Functions revenues. Unrestricted Contributions, Admissions, and Store revenues have not met budget expectations to date. Expenses were held at 8% below budget due to tight spending control.

CAPITAL: Revenues were 19% below budget due to timing factors and optimistic contribution revenue budget expectations. Expenses were held at 5% below budget due to tight spending control.

THE COMPUTER MUSEUM
STATEMENT OF REVENUES AND EXPENSES
OPERATING FUND
(\$ - Thousands)

	FOR THE THREE MONTHS ENDED					ANNUAL FY1989 BUDGET
	9/30/87 ACTUAL	BUDGET	-----9/30/88-----			
			ACTUAL	FAV(UNFAV)		
REVENUES:						
Unrestricted contributions:	45	\$17	5	(12)	(71%)	\$58
Restricted contributions	0	40	80	40	100%	225
Corporate memberships	32	27	30	3	11%	173
Individual memberships	17	14	15	1	7%	83
Admissions	76	90	77	(13)	(14%)	238
Store	37	48	34	(14)	(29%)	159
Functions	20	22	27	5	23%	106
Other	14	12	11	(1)	(8%)	61
Museum Wharf funded by DEC	77	0	0	0	0%	0
Gain/Loss on Securities	0	0	(6)	(6)	(100%)	0
Total Revenues	318	270	273	3	1%	1,103
EXPENSES:						
Exhibits & education	44	118	92	26	22%	373
Marketing & memberships	39	62	70	(8)	(13%)	212
Management & general	91	84	80	4	5%	338
Fundraising	2	24	21	3	13%	57
Store	30	48	36	12	25%	159
Functions	10	13	17	(4)	(31%)	57
Museum Wharf expenses	77	59	59	0	0%	237
Total Expenses	293	408	375	33	8%	1,433
NET REVENUES (EXPENSES)	\$25	(\$138)	(\$102)	\$36	26%	(\$330)

THE COMPUTER MUSEUM
STATEMENT OF REVENUES AND EXPENSES
CAPITAL FUND
(\$ - Thousands)

	9/30/87 ACTUAL	FOR THE THREE MONTHS ENDED			ANNUAL FY1989 BUDGET	
		BUDGET	9/30/88 ACTUAL	FAV(UNFAV)		
REVENUES:						
Contributions	\$43	\$63	\$34	(\$29)	(46%)	\$769
Exhibit Funding	0	0	20	0	100%	480
Gain (Loss) on securities	0	-	0	0	0%	-
Wharf mortgage funded by DEC	42	0	0	0	0%	0
Total Revenues	85	63	54	(9)	(19%)	1,169
EXPENSES:						
Exhibits	31	0	0	0	0%	325
Exhibit Administration	30	54	51	3	6%	205
Fundraising	18	33	29	4	12%	118
Wharf mortgage	42	41	41	0	0%	162
Total Expenses	121	128	121	7	5%	810
NET REVENUES (EXPENSES)	(\$36)	(\$65)	(\$67)	(\$9)	14%	\$359

THE COMPUTER BOWL 1988

TOTAL RAISED:	\$179,205 (estimate including receivables)
Revenue from sponsors: Leveraged dollars primarily from marketing, advertising, sales, and public relations budgets rather than from corporate philanthropic programs	\$159,955 or 89.25%
Revenue from ticket sales:	10%
Revenue from t-shirts, posters, contributions:	less than 1%
Revenue from board members:	32%
Total number of sponsors:	40 (25 cash, 15 trade, 3 cash & trade)
Cash value of trade and services:	\$250,000
Total number of board members participating:	15 (out of 56) or 27%
Total number of board members responsible for sponsorships:	11
New sponsors for the Museum:	16
Current corporate members who became sponsors:	10 providing infusion of \$53,100 in additional funds beyond their current annual commitments
Media Coverage:	77 print pieces to date 5,000,000 + impressions 6 electronic 3,000,000 impressions
Value in dollars:	\$1,000,000 +

THE COMPUTER BOWL

1990

(Revenue potential)

100% Board participation

2 tickets per person @ \$500= \$1,000

1 sponsor solicitation @ \$5,000=

\$6,000 x 56 board members = \$336,000

20 East and 20 West Coast
hand-picked Committee Members
averaging \$3,000 in sponsor

& ticket sales = \$3,000 x 40 = \$120,000

National Chair, Management &
Staff sponsor and ticket sales

= \$300,000

TOTAL REVENUE PROJECTION:

\$756,000

Summary Report to Board of Directors, The Computer Museum
Prepared and presented by Janice Del Sesto, Consultant
Project Developer and Producer of The Computer Bowl
November 4, 1988